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MINUTES OF THE House	_ COMMITTEE ON	Appropriations
The meeting was called to order b	y David Heinemann	, acting chairman . at
12:25 a _x n _x /p.m. on	April 4	, 19 <u>90</u> in room <u>514-S</u> of the Capitol.
All members were present except:	Representatives Turr Teagarden, Hoy ar	nquist, Chronister, Bunten, and Hensley (all excused)

Committee staff present: Ellen Piekalkiewicz, Debra Duncan, Legislative Research De Jim Wilson, Revisor of Statutes Sue Krische, Committee Secretary

Conferees appearing before the committee:

Denise Apt, Governor's Aide for Education Clantha McCurdy, Director of Student Financial Aid, Kansas Board of Regents Craig Grant, KNEA Davi Anne Brewer, Associated Students of Kansas

Bill Henry, Pharmaceutical Manufacturers Association Robert J. Newman, Ph.D., Research Fellow, Department of Economics, Louisiana State University

Carol Renzulli, Arthritis Foundation Nadine Burch, Kansas Coalition on Aging

Roger Werholtz, Deputy Secretary of Community and Field Services, Department of Corrections

Jeff Loane, Director, Sedgwick County Community Corrections, and President, Kansas Community Corrections Association

Others attending: See attached list.

SB 561 - Teachers' scholarship program.

Denise Apt, Governor's Aide for Education, appeared in support of <u>SB 561</u> (<u>Attachment 1</u>). <u>SB 561</u> establishes the Teacher Scholarship Program and provides that qualified students who are enrolled in a course of instruction leading to a degree that will enable the recipient to teach in a hard-to-fill discipline will be eligible for a renewable annual scholarship of \$5,000. Governor requested this bill because of his commitment to having the best and brightest in the teaching profession.

Clantha McCurdy, Director of Student Financial Aid, Kansas Board of Regents, testified in support of $\underline{SB\ 561}$ (Attachment 2). Ms. McCurdy pointed out that $\underline{SB\ 561}$ addresses the teacher shortage in hard-to-fill teaching disciplines and noted the scholarship program will help to maintain the quality and caliber of teachers in the classroom.

Craig Grant, KNEA, appeared on $\underline{\rm SB~561}$ stating KNEA supports the concept of the bill.

Davi Anne Brewer, ASK, testified in support of \underline{SB} 561 because it offers assistance to would-be educators and targets the need for quality instructors in Kansas (Attachment 3).

Representative Brady questioned the ability of a student to repay up to \$25,000 in loans in ten years on a teacher's salary if that becomes necessary. In response to a question, Clantha McCurdy, Board of Regents, stated the requirement that recipients rank in the top 10 percent of their class is an effort to attract the brightest to the classroom. Representative Gatlin noted

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations

room 514-S, Statehouse, at 12:25 25 2500 / p.m. on April 4

in many of the high schools in his district that only three students per year would be eligible for this program. Ms. McCurdy advised that undergraduates in any year of study are eligible for this scholarship. Further discussion focused on including some provision in <u>SB 561</u> for minority students whose test scores may be lower than required for the program.

SB 180 - Use of restrictive drug formularies by state agencies prohibited.

Bill Henry, Pharmaceutical Manufacturers Association, testified in support of <u>SB 180</u> (<u>Attachment 4</u>). <u>SB 180</u> would prohibit SRS from maintaining a restrictive drug formulary that restricts a physician's ability to treat a patient with a drug that has been approved and designated as safe and effective by the FDA. Mr. Henry noted that Kansas currently has a restrictive drug formulary and this policy is costly in terms of additional diagnostic costs when the medically appropriate drug can not be given.

To address concerns regarding the affordability of adopting \underline{SB} $\underline{180}$, Mr. Henry proposed amending the bill allowing SRS to continue using state maximum allowable costs and federal upper limit requirements and adding a three-year sunset provision. Mr. Henry provided a balloon of the proposed amendments ($\underline{Attachment}$ 5).

Mr. Henry introduced Dr. Robert J. Newman, Research Fellow, Department of Economics, Louisiana State University, who addressed the committee on his economic analysis of the effect of a restrictive drug formulary on the costs to state government. Dr. Newman's biography is included herein (Attachment 6). In addition, he provided an executive summary of his study (Attachment 7).

Dr. Newman stated his study was based on data from Medicaid programs in 48 states and concluded that restrictive drug formularies do not save money when the total impact on the Medicaid system is considered. The restrictive formulary, in fact, had no impact on the total expenditures for drugs, probably due to substitutions. In some cases, the alternative therapies may be more expensive than the therapy eliminated. Using total Medicaid expenditures in Kansas for 1988, Dr. Newman stated that Kansas spending was \$13.9 million higher than it would have been without the restrictive formulary. The results suggest that in 1988 expenditures for physician services were \$6.2 million higher and for inpatient mental hospital services were \$3.7 million higher than they would have been without the restrictive formulary. Dr. Newman also noted that significant administrative costs are necessary for a restrictive drug formulary policy. He advised he is confident in making the statement that a restrictive drug formulary policy will not save the state money.

Carol Renzulli, Arthritis Foundation, testified in support of SB 180 noting a restrictive drug formulary creates serious problems for people who have allergic reactions to certain generics, or are just too sick to allow the physician to "experiment" (Attachment 8).

Nadine Burch, Kansas Coalition on Aging, appeared in support of \underline{SB} 180 (Attachment 9). She stated that while prescription drugs may be an expensive item in the Medicaid budget, restricting access to drugs can have serious consequences in the form of increased utilization of other forms of care, including hospital and nursing home care.

CONTINUATION SHEET

MINUTES OF THE	House C	OMMITTEE ON _	Appropriations	<u>i</u>	,
room <u>514-S</u> , Stateh	ouse, at 12:25	%.pn√ p.m. on	April 4		1990

Representative Heinemann, acting Chairman, announced that opponents to $\underline{SB\ 180}$ would be heard at the next meeting so that testimony from out-of-town presenters could be taken on $\underline{HB\ 3091}$.

HB 3091 - Community corrections, authority to discontinue certain services.

Roger Werholtz, Deputy Secretary of Community and Field Services, Department of Corrections, explained that $\underline{\text{HB}}$ 3091 allows the Secretary of Corrections to adjust budgets of the 10 existing community corrections programs if that should become necessary in order to more equitably distribute funds throughout all the community corrections programs in the state. Representative Heinemann stated Mr. Werholtz would be called back at a later time for his testimony on $\underline{\text{HB}}$ 3091.

Jeff Loane, Director, Sedgwick County Community Corrections, and, President, Kansas Community Corrections Association, appeared in opposition to HB 3091 and provided written testimony (Attachment 10). Mr. Loane stated HB 3091 would erode the state/local balanced partnership by reducing the role and authority of the counties in Community Corrections. Currently the authority and accountability for the management and success of the programs are vested in local communities and Mr. Loane feels this has worked very effectively.

Written testimony in opposition to \underline{HB} 3091 was submitted by Mark A. Matese, Director, The Douglas County Community Corrections Advisory Board ($\underline{Attachment}$ 11), and James E. Flory, District Attorney, Douglas County ($\underline{Attachment}$ 12).

Representative Heinemann advised that testimony from proponents on $\underline{\text{HB 3091}}$ will be taken at the next meeting so the Committee could turn at this time to final action on bills previously heard.

Representative Vancrum moved to amend SB 561 under Section 6(b)(5) by striking "and" and inserting "after" and by striking "to do so." Representative Fuller seconded. Motion carried. Representative Francisco moved to amend SB 561 deleting the requirement that applicants rank in the top 10 percent of their class thereby allowing the Regents to determine that policy. Representative Vancrum seconded. Motion carried. Representative Moomaw moved to amend SB 561 by deleting Section 6(b)(4) which would require no payback by a person who fails to graduate in a hard-to-fill teaching discipline. Representative Gatlin seconded. Motion carried. Representative Francisco moved that SB 561, as amended, be recommended favorably for passage. Representative Pottorff seconded. Motion carried.

Representative Gatlin moved to table SB 542. Representative Hamm seconded. Representative Gatlin withdrew his motion with the consent of his second. Representative Heinemann requested that action be deferred on SB 542 until the full Committee is present.

Representative Heinemann distributed and explained a balloon of proposed amendments to HB 2578 which were developed by his special subcommittee (Attachment 13). Representative Helgerson moved adoption of the amendments to HB 2578 in the balloon.

Representative Vancrum seconded. Motion carried. Representative Helgerson moved that HB 2578, as amended, be recommended favorably for passage. Representative Goossen seconded. Motion carried.

The meeting was adjourned at 2:00 p.m.

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIONS DATE: 4-4-90

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Roger Werholtz	L50B	K DOC
Keven Rellant	LSOB	× DOC
Terry Reiling	LSoB	KDOC
Carol Rangell:	aurence	AuthritisteCAD
Craig Grant	Topetra	H-NEA
Thomas C. (Fin) Owens	TOPEKA	585
John algust	TORKE	SRS
Nadine Burch	1 1	KC65
Bill Dean	O.P	Peterson associates
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Dawn Durham	Topidea	Xs Pharmacut assoc.
Tom Hitchcock	11	Bd. of Tharmacy
Rick Thu/5	Topeke	MARS
Al Nemec	///	1.1
CLANTHA MCCURPY	TOPE KH	BOARD OF REGENTS
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Rill Henry	"	Phony MG Assy.
Mark Intermil	Topena	Ks Coalition on Aging
Robert Sanders	LSOB	KPOC
Jeff Coane	Wichita	Comm. Corr's.
Chip Wheelen	Topeka	Ks Medical Suc.
Redo Williams	Topely	KS LAYMACISTS ASSOC
Robert Newman	Baton Rouge, LA	Moore Neuman & Assor

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIO	DATE: 4-4-90	
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STATE OF KANSAS



OFFICE OF THE GOVERNOR State Capitol Topeka 66612-1590

Mike Hayden Governor

(913) 296-3232 1-800-432-2487 TDD# 1-800-992-0152 FAX# (913) 296-7973

Testimony on SB 561

House Appropriations Committee
Denise Apt, Governor's Aide for Education

Mr. Chairman, members of the committee. Thank you for the opportunity to appear before you on behalf of the governor.

SB 561 is a Teacher-Scholarship bill and contains the following requirements:

- A. The scholarship program will be administered by the executive officer of the state board of regents.
 - B. Applicants shall:
- 1. Be a resident of the state of Kansas and rank in the top 10% of their high school graduating class; (2) demonstrate high achievement on the ACT assessment; and (3) be enrolled in or admitted to a full-time undergraduate program leading to teacher certification in a hard-to-fill teaching discipline.

HA 4-4-90 Attachment 1

- C. "Hard-to-fill teaching discipline" means courses in mathematics, science or foreign language offered at the elementary or secondary school level in Kansas and taught by teachers meeting the certification requirements in such subjects.
- D. Scholarships awarded under the program shall be awarded for the length of the course of instruction leading to a degree and will receive a stipend of \$5,000 annually.
- E. The applicant will provide information to and enter into an agreement with the executive officer of the board of regents.
- F. If the person does not meet his or her obligations under the agreement, such person shall pay to the executive officer an amount equal to the total amount of money received by such person pursuant to such agreement plus annual interest at a rate of 15%, adjusted proportionately for full years of the obligation that have been satisfied.
- G. An obligation shall be postponed (1) during any required period of active military service; (2) during any period of temporary medical disability during which the person obligated is unable because of such medical disability to teach

1-2

- a hard-to-fill teaching discipline; or (3) during any period of time the person obligated is enrolled and actively engaged on a full-time basis in a course of study leading to a degree in education as a hard-to-fill teaching discipline which is higher than that attained formerly by the person obligated.
- H. An obligation shall be satisfied (1) if the obligation in accordance with an agreement under the scholarship program has been completed; (2) if the person obligated dies; (3) if, because of permanent physical disability, he or she is unable to satisfy the obligation; (4) if he or she fails to satisfy the requirements for graduation with a degree that will enable the recipient to teach a hard-to-fill teaching discipline after making the best effort possible to do so; or (5) if the person obligated fails to satisfy all requirements to enable the recipient to teach a hard-to-fill teaching discipline and making the best effort possible to do so.
- I. The state board of regents shall adopt rules and regulations establishing minimum terms, conditions and obligations which shall be incorporated into the provisions of any agreement entered into between the executive officer and the recipient of a scholarship under the teacher scholarship program.
- J. There is hereby created in the state treasury the teacher scholarship program fund.

K. The fiscal note is \$250,000 and was included in the governor's budget.

The governor requested the teacher-scholarship bill because of his commitment to education and noted in the State of the State. If I may quote

"Our front-line providers of education are our teachers. I am grateful to the teachers of Kansas, for they are the backbone of our educational system. They are our educational leaders and role models, and if we expect the best from our students, we must hold our teachers to even higher standards.

I am pleased with the calibre of teachers in Kansas, and I know that theirs is a demanding profession which often brings little material or substantive reward.

For this reason, it has at times been difficult to encourage young people to enter the teaching profession, but we must make every effort to do so. We must encourage our brightest and our most talented youth to enter teaching, for they will be the ones who illuminate the minds of our children.

To help achieve this goal, I recommend \$250,000 for teacher scholarships. The scholarships will be awarded on the basis of ability and apportioned to meet the need of hard-to-fill teaching disciplines, such as math or science."

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The governor asks for your support for favorable passage of SB 561.

I've given you a short overview of the bill and would be happy to stand for questions.

Thank you for your consideration.

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KANSAS BOARD OF REGEN'S

SUITE 609 • CAPITOL TOWER • 400 SW EIGHTH • TOPEKA, KANSAS 66603-3911 • (913) 296-3421

SENATE BILL 561 TEACHER SCHOLARSHIP PROGRAM

TESTIMONY BEFORE THE HOUSE APPROPRIATIONS COMMITTEE

April 3, 1990

Good afternoon Mr. Chairman and members of the Committee. I am Clantha Carrigan McCurdy, Director of Student Financial Aid for the Kansas Board of Regents office. I appear before you today to speak favorably for Senate Bill 561 which creates a teacher scholarship program for Kansas.

The eleventh annual study of teacher supply and demand in Kansas public schools compiled by Emporia State University indicated that the number of available candidates for jobs in most teaching fields has improved since 1988. This report, however, showed that Kansas continues to experience a shortage of qualified teachers in foreign language and the sciences.

Senate Bill 561 addresses the teacher shortage in "hard-to-fill teaching disciplines" in math, science, and foreign language. The Board of Regents office is supportive of this bill because it provides the financial incentive necessary to attract the best and brightest students into teaching. How many times have you heard the debate about crisis in the classroom and incompetent teachers? Certainly children and our youth are our greatest resources. Enhancing the quality of educational programs provided to our youths is certainly beneficial to Kansas and the nation.

Senate Bill 561 allows Kansas to address the current shortage of qualified teachers in areas where academically talented students normally do not consider due to the lack of financial incentives. So often students are attracted to teaching as a profession, but channeled into other areas because of larger scholarships and the anticipated financial security after degree completion. If we are to maintain the quality and caliber of teachers needed to enhance the products in the classroom, then, we must make the financial commitment to generate student interest. Lucrative teacher education scholarships are almost nonexistent. The \$5,000 merit based scholarship created by Senate Bill 561 will be a major factor in attracting academically talented students into the teaching profession.

My comments are based on direct experience. When the teacher shortage problem was recognized at the national level, the federal government responded with the creation of the Paul

HA

Douglas Teacher Scholarship Program. This program attracts students who rank high in their academic class. The motivating factor that makes this program successful is that the government allows participating states to award \$5,000 on the basis of merit. Kansas participates in this program and receives funding to award an average of 35 scholarships each year. Students participating in the Paul Douglas Teacher Scholarship Program are not obligated to teach in Kansas, although they must complete a two-year teaching requirement to satisfy their teaching commitment.

If the federal government is willing to commit funds on a merit basis, Kansas must also be willing to do the same. Each year an average of three hundred and fifty qualified students submit application for the federal program. Only a few are selected to fill vacant positions. Kansas certainly has the need for a teacher scholarship program. Further, there are more than enough qualified students to compete for the fifty annual scholarships. I urge your strong consideration of Senate Bill 561.



ASSOCIATED STUDENTS OF KANSAS

The Student Governments of the Regents Institutions

To:

House Appropriations Committee

From:

Davi Anne Brewer

Date:

3 April 1990

Re:

Senate Bill 561

In recent years ASK has supported efforts by the Kansas Board of Regents and the Kansas legislature to increase financial assistance for the students of Kansas. Programs such as the Youth Education Service, the Minority Scholarship and the Nursing Scholarship programs are addressing the needs of specific constituencies among the student population that broader needbased assistance programs often overlook.

We support these programs because they meet two objectives: one, to alleviate reliance on student loans to meet rising college cost; and two, to encourage and assist students who enter lower-paying fields such as education. While the cost of higher education is rising, requiring greater economic sacrifices and or borrowing against future income, the attractiveness of lower-paying careers is reduced.

The emphasis on educational reform has high lighted the need for quality instructors in the math, science and foreign language fields which this bill addresses.

Unlike the Faul Douglas Congressional Teachers' Scholarship which requires recipients to teach two years for each year funds are received, SB 561 requires only one year of service for one year the scholarship is awarded. We find this to be a more practical and equitable means of repayment.

As federal support for scholarship programs decline, it is vital that the state increase its' support for programs that address the needs of Kansas. This program targets a specific need in the Kansas education structure, much like the nursing scholarship program that was approved during the 1989 legislative session.

ASK endorses Senate Bill 561 which not only offers assistance to would-be educators, but makes a twin commitment to educational excellence and access.

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Statement



STATEMENT OF THE
PHARMACEUTICAL MANUFACTURERS ASSOCIATION
KANSAS SENATE BILL 180
HOUSE APPROPRIATIONS COMMITTEE
APRIL 3, 1990

Mr. Chairman and Members of the Committee:

The Pharmaceutical Manufacturers Association (PMA) represents more than 100 research-intensive manufacturers of prescription drugs. We appreciate the opportunity to comment on the proposal to improve the quality of care afforded to Medicaid patients in Kansas which is embodied in SB 180.

SB 180 has received broad support from the medical community and patient groups. It would increase Medicaid patients' access to pharmaceuticals, allowing the physician to choose the most medically appropriate drug to treat each patient's individual condition. This concept has been endorsed by legislative groups as diverse as the Council of State Governments, the American Legislative Exchange Council, and the National Black Caucus of State Legislators.

This bill, which passed the Senate unanimously in 1989, reflects PMA's belief that programming and budgetary options be viewed within the larger context of the total Medicaid program and the health and welfare of Kansas Medicaid recipients. However, it has faced the concern, expressed by the Department of Social and Rehabilitation Services, that to date, efforts to contain direct costs in the Medicaid drug program in light of state budget constraints have not been successful.

We have discussed these reservations with SRS, and, on the basis of those discussions, we are prepared to suggest certain modifications to SB 180 that would alter it somewhat from the bill as it was received by this Committee.

- To answer objections raised about possible dollar cost increases, we suggest language allowing the Department to retain its authority to apply the federal upper payment limits as established by the Health Care Financing Administration, as well as Kansas' own Maximum Allowable Cost ceilings.
- Numerous studies of state Medicaid drug programs have documented the negative consequences of restrictive formularies as a cost containment device. These analyses indicate that restrictive formularies are not

1100 Fifteenth Street, N.W. Washington, D.C. 20005 (202) 835-3400

4-4-90 Attachment 4 effective in controlling costs, lead to higher expenditures in non-pharmacy program areas, and may deny patients the most appropriate and cost-effective medical treatment. PMA is convinced that this experience will hold for Kansas as well. We are, therefore, willing to seek from our member companies funds to help sponsor a longitudinal study of the Kansas Medicaid program once this legislation is implemented.

We would suggest this Committee add a three-year sunset provision to this legislation. This would allow physicians to choose the most medically-appropriate drug for their Medicaid patients, thereby, we believe, reducing demand for more expensive treatment alternatives. A three-year test of this legislation, coupled with an economic assessment of program-wide utilization and expenditures, will provide the legislature with actual experience, rather than speculation, on the impact of SB 180.

Budgetary pressures on all state Medicaid programs are realities that must be dealt with. It is our belief that SB 180 takes an important step toward identifying and implementing the most efficient programs for the maximum good for the health of Kansas citizens.

Thank you for your attention.

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SENATE BILL No. 180

By Committee on Ways and Means

2-7

AN ACT concerning reimbursement by the department of social and rehabilitation services for certain drugs; prohibiting the use of certain restrictive drug formularies.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) As used in this section:

- (1) "Restrictive drug formulary" means a list of prescription-only drugs established by the department of social and rehabilitation services which excludes in whole or in part reimbursement by the department of social and rehabilitation services for such drugs under a program administered by the department of social and rehabilitation services.
- (2) The words and phrases used in this section shall have the same meanings as are ascribed to such words and phrases under K.S.A. 65-1126 and amendments thereto.
- (3) "Physician" means a person licensed to practice medicine and surgery.
- (b) A practitioner may prescribe prescription-only drugs in accordance with this section that, in the professional judgment of the practitioner and within the lawful scope of the practitioner's practice, the practitioner considers appropriate for the diagnosis and treatment of a patient. The department of social and rehabilitation services shall not maintain a restrictive drug formulary that restricts a physician's ability to treat a patient with a drug that has been approved and designated as safe and effective by the federal food and drug administration, except for drugs for cosmetic purposes. The department of social and rehabilitation services may reimburse for multisource prescription-only drugs in the generic form, in accordance with state and federal law, unless an exception has been made by

Amendment #1

"including the utilization of state maximum allowable costs or federal upper limit requirements,"

HA 4-4-90 Attachment 5 the prescribing practitioner.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

Amendment #2
"until July 1, 1993."

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DR. ROBERT J. NEWMAN Biography

Dr. Newman received his Ph.D. in economics from UCLA.

Professor Newman has taught at the University of British

Columbia, the University of Houston and Miami University.

Between 1976 and 1979 he was an Economic Consultant at the Rand

Corporation in Santa Monica, California. Dr. Newman is currently

Professor and Partnership for Excellence Research Fellow in the

Department of Economics at Louisiana State University.

HA 4-4-90 Attachment 6

1989 DRUG FORMULARY STUDY Executive Summary

In an attempt to control the growth of pharmaceutical expenditures for the Medicaid program, states have implemented a number of new strategies including the following: (1) price ceilings on multi-source drugs; (2) prescription refill limitations; (3) monthly limitations on the number of patient prescriptions; (4) co-payment plans, and (5) restricted state formularies.

Medicaid formularies are lists of drugs that will be reimbursed -- paid for by the state -- if a physician prescribes them for a Medicaid patient. The drugs on the formulary are selected by a state agency with the advice of a state Medicaid committee, usually composed of physicians and pharmacists. Under a restricted or closed formulary, the state will reimburse only drugs on the approved list. Some state agencies have attempted to control the level of Medicaid expenditures by adopting more restrictive formularies. The logic of this approach assumes that decreasing the number of drugs on the approved list will reduce the amount of reimbursable drug expenditures.

This study examines the economic effects of restricted state formularies. Based on economic analysis and empirical evidence accumulated from research conducted over the last two decades, this study presents the following major findings:

- o Prescription drugs are often the most cost-effective method for treating many illnesses. If a state deletes from the formulary a drug that is the most efficient therapy for treating an individual's health problem, the person likely will be forced to seek less efficient (more expensive) methods of treatment, i.e., health service substitutes.
- o While restricted drug formularies may reduce the level of pharmaceutical expenditures, they tend to cause off-setting increases in other types of Medicaid expenditures. As a result of imposing a restrictive formulary, states often end up spending more for all Medicaid services while, at the same time, providing a reduced level of benefits and lowerquality of health care to Medicaid patients.
- o Preliminary results of this study, based on a statistical analysis of the experience of Medicaid programs in

HA 4-4-90 Attachment 7

Page 1

47 states, suggest that, taking into account health service substitution resulting from the restricted drug formulary, a typical state's Medicaid expenditures would actually increase by 4.1 to 15.5 percent.

- On this basis the study results indicate that total Medicaid spending for Kansas in 1988 was approximately \$13.9 million higher than it would have been without the restrictive formulary.
- O The results suggest that expenditures in at least two Medicaid categories may increase significantly with a restrictive formulary: (1) inpatient hospital care for mental patients, and (2) physician services. This means that in 1988 Kansas expenditures on physician services were \$6.2 million and inpatient mental hospital services were \$3.7 million higher than they would have been without the restrictive formulary.
- o The results also indicate that a state's formulary restrictions will not necessarily reduce overall Medicaid prescription drug expenditures; in fact, the implementation of a restricted drug formulary may cause total drug expenditures to increase if, for example, physicians are forced to treat their patients with larger quantities of less efficient drugs.

Good afternoon Chairman Bunten, members of the Comittee. I am pleased to have the opportunity to address the Arthritis Foundation's as well as the Kansas Coalition of Consumer Advocates for Disability's strong support for Senate Bill 180.

I will begin by reminding you that the Medicaid population is that population which is at greatest health risk of any population identified in Kansas. I would point out that according to the SRS officials who run the Home Care programs, the folks they are seeing come into these programs, "are sicker than they have been in the past—it seems like they get more frail and need more services each year." I would not for a moment suggest that the passage of S.B. 180 will correct that situation entirely.

In the course of preparing this testimony, as a Medicaid recipient myself, I took the opportunity to discuss with my Doctor, who treats many Medicaid/Medicare patients, what his thinking was on S.B. 180. He said quite candidly that he was concerned about the cost involved, but he also admitted that Prior Approval, "just doesn't work well." He is in partnership with two other doctors who feel the same. My pharmacist indicates that the system of prior approval works so haphazardly that, "It's just not worth my time to fool with it." When I indicated to these two very caring people that I would quote them in testimony, both said they thought it would be fine if it would cause SRS to work out a more effective way of dealing with the small percentage of people who have allergic reactions to certain generics, or are just too sick to allow the physician to "experiment."

To illustrate to you the cost differential between brand name and generics, I have attached a chart showing the difference it would make

Attachment 8

if I were to go with name brand drugs as opposed to the mix of generics and name brands I now use. I used my own drug regimen for reasons of confidentialty. Much has been made about the gigantic cost of 3.B. 180 and as sometimes happens in a politically charged atmosphere, disinformation is circulated. Let me explore with you who might benefit from the cost disinformation. I suggest to you that we look at the DURC (Drug Utilization Review Committee.) This committee was created as a result of the Restrictive Formulary, and they determine which drugs are on or off the list this week. These Committee men and women, with varying medical backgrounds are generously paid by SRS \$100,000 PER PERSON PER MEETING! $_{
m I_{
m L}}$ there any doubt why they would want a Restrictive Formulary? My medication profile will show you that in my case alone we are talking about a 11% increase if I were to use all name band drugs. Right now the only way I can take the precriptions which mean life or death to me is to pay my pharmacist out of my so-called "PROTECTED INCOME OF \$386 PER MONTH! Since Medicaid recipients don't even make 4% in a year what one member of the DURC makes at one meeting, I can assure you that the organizations I represent have a vested interest in the outcome of S.B. 180. I think that the people with the least ability to fight for their health needs deserve . break now.

Respectfully submitted,

Carol Rengall

Carol Renzulli

Arthritis Foundation

KCCAD

COST DIFFERENTIAL BETWEEN GENERIC AND NAME BRAND

		NAME
	GENERIC	BRAND
Quinine Sulfate 260mg (60tabs) (Quinam name brand)	\$5.63	\$25.42
Pepcid (Generic not available) 20mg (30tabs)	\$34.79	\$34.79
Acetaminophen 500 mg (200 tabs)	\$8.56	\$10.60
Depen 250 mg titrate (100 tabs)Generic Not Available	\$67.66	\$73.28
Xanax 0.5 mg (120 tabs)Generic Not Available	\$57.60	\$57.60
Sinequan 25 mg (120 tabs)allergy to generic	\$54.00	\$54.00
Percocet	\$3.08	\$5.30
Prednisone (10 mg)	\$6.39	\$6. 39
TOTAL	\$237.71	\$267.38

My non-reimbursed medications:

Perdiem (Vegetable laxative)

\$14.93 x 2 per month

Pyridoxine 5mg (100 tabs) B-6

\$3.65 per six months



Effective January 15, 1990, the following changes will be made in the Medical

Payment for visits to a chiropractor will be limited to one visit for a physical exam per year.

-- Payment for services provided by a podiatrist (foot doctor) will be limited to two office visits and two nursing home visits per year.

-- Payment will no longer be made for certain types of drugs such as: calcium and iron supplements, skin preparations, anti-inflammatories, fungicides, anti-nauseants, blood vessel relaxants, muscle relaxants and sleeping

-- Payment will no longer be made for diabetic testing agents and hypodermic syringes and needles.

(See Other Side)

Side 2

Prior Auth mill rest Payment will no longer be made for the more expensive drugs in some drug types. The list below names some of the drugs for which payment will no

longer be made.

Cafergot Whynanc

Dilaudid Wh

Feldene Orudis Att In N.S

Wolturen Anti NS

Clinoria Anto In

Darvon

Disalcid MN/V

Fiorinal with Codeine

TALK WITH YOU DOCTOR OR DRUGGIST ABOUT HOW THESE CHANGES WILL AFFECT YOU.

IMPORTANT NOTICE

3/90

Program Change

Osteopathic back adjustments and other treatments like heat packs or ultrasound therapy given by an osteopathic doctor are no longer covered by the Medicaid/MediKan Program.

Drugs and diabetic supplies that were eliminated in January from the Medicaid/MediKan Program have been put back into the Program. doctor and pharmacist have been notified of this change. Drugs that had a limitation on the rate paid with the notice dated 1/90 will continue to have that limit.

KING PHARMACY 843 4516

1112 W. 6th Street, "Lawrence Medical Plaza" LAWRENCE, KANSAS 66044

TE 4	12/90 PHYSICIAN ORDERING PRESCRI		
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Testimony on SB 180 House Appropriations Committee April 3, 1990 Presented by Nadine Burch For the Kansas Coalition on Aging

Mr. Chairman, my name is Nadine Burch. I am the Senior Advocate for the Kansas Coalition on Aging. I appear before you this morning to voice my support for equal access to appropriate medications for persons enrolled in the Medicaid program.

I would like to spend some time this afternoon discussing the prescription drugs and the elderly. When we discuss the Medicaid prescription drug program, we are, to a very significant degree talking about prescribing for an elderly population. About half of the expenditures for prescription drugs through Medicaid cover the costs of drugs for nursing home residents.

Prescribing for the elderly is an art. The elderly often have many chronic conditions which are controlled through medication. Physicians must take care to prescribe medications which do not interact adversely. I am a living example of this statement. I am currently taking eleven different prescription drugs for various conditions. I have included a list of those drugs at the end of my testimony. The list indicates whether each drug is a brand name or generic drug and if brand name whether there is a generic available.

With these drugs, I am able to lead an active lifestyle. They allow me to stay involved with the things I am interested in. Withholding any one would have consequences for my health and well-being. For example, Tagamet, which is the most expensive item on the list, helps me control a gastric ulcer. The alternative to drug therapy would be surgery, which at my age could have serious consequences, not to mention that it would be very expensive.

The point I want to make is that while prescription drugs may be an expensive item in the Medicaid budget, restricting access to drugs can have serious consequences. I am fortunate, as a retired employee of the federal government, to have health insurance which helps to pay for these medications. I am concerned that people who depend on Medicaid for their health care coverage are not assured of access to the prescription drugs they may need. I am very concerned about proposals to further restrict the Medicaid

HA 4-4-90 Attach ment 9 prescription drug formulary. As you know, one proposal under consideration is to eliminate coverage of sole source or band name prescription drugs. While this action may result in a short-term savings of \$6 million, it could result in increased utilization of other forms of care, including hospital and nursing home care. It would also adversely effect the health of persons who may have to discontinue a drug therapy or who would have less money available for other basic necessities as a result of having to pay for drugs out of pocket.

SB 180 addresses our concerns about restrictions on access to prescription drugs. However, I believe that those concerns could be addressed without establishing an open formulary. We would support a requirement that generic drugs be used unless it is the determination of a physician that a brand name drug is needed. Currently there is a prior authorization procedure, which some physicians and pharmacists have found cumbersome. In lieu of the prior authoriztion, we would support a review of prescribing practices and consultation with physicians who appear to be using brand name drugs unnecessarily.

We would also support a drug utilization review system which looks at individual cases in order to determine if prescription drugs are being overused or misused. We would suggest that a review of nursing home residents may be a good place to begin this process. Through this process we may be able to identify inappropriate expenditures on prescription drugs.

In closing, I would note that there is probably an optimal level of spending on prescription drugs in the Medicaid program. If we spend above that level, we will have wasted scarce resources. If we spend under that level, we will adversely effect the health of the Medicaid population and will end up with higher health care costs in other parts of the Medicaid budget.

Donnatal Tab	20 ea	4.68	Brand (Generic available)
Amoxicillin Cap 500 mg	42 ea.	26.61	Generic
Halcion .125 mg Tab	20 ea	13.10	Brand
Ascriptin 325 mg	100 ea	7.70	Brand (Generic available)
Nitrostat .4 mg SL	25 ea	2.16	Brand
Lopressor Tab 500 mg	60 ea	25.95	Brand
Procardia XL 30 mg	30 ea	34.75	Brand
Tagamet 400 mg Tab	60 ea	64.30	Brand
Methocarbamol 750 mg	40 ea	4.40	Generic
Dicyclomine 20 mg	20 mg	0.49	Generic
L-Thyroxine .2 mg	100 ea	1.85	Generic

TESTIMONY OF JEFF LOANE BEFORE THE COMMITTEE ON APPROPRIATIONS APRIL 3, 1990

My name is Jeff Loane. I am here today to speak as Director of Sedgwick County Community Corrections and the President of the Kansas Community Corrections Association. In both capacities, I am here to express strong opposition to the passage of House Bill 3091.

The opposition of the Sedgwick County program and the nine additional programs represented by the Kansas Community Corrections Association is grounded in a number of factors both philosophical and practical. I would like to present the details of our opposition to you.

As the Director of a local program, I frequently review various aspects of the legislation entitled: "The Community Corrections Act." This piece of legislation was brought being by legislators who saw the wisdom of a into partnership between the oversight and monitoring function of Department of Corrections, and the the accountability of local communities and their governments. The wisdom of this partnership has stood the test of time and has been augmented by the success of ten locally administered Community Corrections programs. A brief review evident the State/Local balanced of the act makes partnership envisioned by the legislators who enacted the

> HA 4-4-90 Attachment 10

legislation. Because the authority and accountability for the management and success of the programs is vested in local communities, the State Department of Corrections' role becomes every bureaucrat's nightmare. Their role requires them to forge goals, objectives and policies in cooperation with local, county interests who have the audacity to think that they know something about their local community's correctional programming needs. Accordingly, each session of the legislature sees the Department of Corrections either through attempted legislation or subsequent administrative regulation attempting to chip away at the role and authority of the counties who, generally, are successfully holding up their end of the state/local partnership.

House Bill 3091 is perhaps the most blatant attempt to strip the local counties of their responsibility and authority for deciding what their local correctional needs are and how best they should be met.

It is our collective position that the Department of Corrections already has an abundance of authority and prerogative in their oversight and monitoring function which is well established by legislation and administrative regulation. The Secretary of the Department of Corrections

already has the authority to accept or reject all or part of any local county's annual program plan. The Department of Corrections also already possesses the authority to recommend needed changes or improvement in these plans. Should a local program not be in substantial compliance with the Department of Corrections' issued standards and regulations, the Department of Corrections has the authority to suspend all or any portion of a county's plan and withhold a corresponding amount of funds. Further, the Department of Corrections has the authority to reallocate any funds left over at the end of a county's program year.

Most significantly, the Department of Corrections each year has the legal responsibility and authority to issue a list of program priorities, indicating the order in which they feel funding priorities should be established.

We feel that House Bill 3091 is yet another attempt to erode the local end of the State/Local partnership. It is time for us to publicly recognize that the drafters of the Community Corrections Act had more in mind than the prison-bound felony population when they drafted the Community Corrections Act. Certain other so called "non-core" programs are local communities' attempts to meet

what they define as their most pressing local correctional needs. To allow Community Corrections programs and fiscal appropriations to be directed exclusively at the prison-bound felony population is to ignore the important functions of education, diversion, victim services, restitution and services for juvenile offenders.

No one quarrels with the need to more effectively focus our resources and energies on getting under control the rapid influx of prison-bound felons. However, it is our position that we and the legislators who drafted the Community Corrections Act never intended for this attention to be at the expense of local accountability and important correctional services performed at the local level.

In closing, I would like to read to you a sentence from the original Community Corrections Act which, I feel, puts our discussions in proper perspective. "The Secretary of Corrections may make grants to counties for the development, implementation, operation and improvement of community correctional services including, but not limited to, restitution programs, victim service programs, prevention or diversionary correctional programs, community corrections centers and facilities for the detention or confinement,

care or treatment of adults charged with or convicted of a crime or of juveniles being detained or adjudged to be delinquent, miscreant or a juvenile offender."

We support the Department of Corrections' oversight, monitoring and technical assistance functions. We do not support the continued erosion of the role of local communities who are shouldering their responsibilities for local correctional programming. Local autonomy and accountability for the success of Community Corrections is directly related to their having the responsibility and authority for their success of their own goals, objectives and programs.

We would encourage you to not further limit this partnership which has proven so successful.

We strongly recommend that you vote against any form of House Bill 3091.

Thank you very much.

TESTIMONY ON HB3091 TO THE APPROPRIATIONS COMMITTEE APRIL 3, 1990

MARK A. MATESE, DIRECTOR

THANK YOU FOR ALLOWING ME THE OPPORTUNITY TO TESTIFY IN OPPOSITION TO HB3091. I AM HERE ON BEHALF OF THE DOUGLAS COUNTY COMMUNITY CORRECTIONS ADVISORY BOARD, COMMISSIONERS AND STAFF MEMBERS. WE BELIEVE THAT COMMUNITY CORRECTIONS ACT PROGRAMS ARE A VITAL AND FUNCTIONAL COMPONENT WHICH HAVE ADDRESSED THE CORRECTIONS CRISIS FOR ALMOST 10 YEARS NOW.

COMMUNITY CORRECTIONS ACT PROGRAMS HAVE BECOME ONE OF THE MOST ACCOUNTABLE AND PROFESSIONAL CORRECTIONAL ORGANIZATIONS WHICH PROVIDE COMMUNITIES THE OPPORTUNITY TO MEET LOCAL CORRECTIONAL NEEDS. THESE EFFORTS ULTIMATELY ASSIST THE STATE BY DIRECTING ADULTS AND JUVENILES FROM STATE CORRECTIONAL INSTITUTIONS. AS DEMONSTRATED IN THE MARCH, 1990 KCCA UPDATE, THE PRISON AND YOUTH CENTER COMMITMENTS WOULD HAVE BEEN DRASTICALLY COMPOUNDED WITHOUT COMMUNITY CORRECTIONS.

HB3091 ERODES THE EFFECTIVE ROLE THAT ADVISORY BOARDS HAVE IN SERVICING THE LOCAL COMMUNITIES AS COORDINATING COUNCILS. IT ALSO MINIMIZES, IF NOT COMPLETELY ELIMINATES, THE PUBLIC PROCESS OF ACCOUNTABILITY BUILT INTO COUNTY BUDGET CYCLES. THESE LOCAL MECHANISMS, ADVISORY BOARDS AND COUNTY COMMISSIONS, PROVIDE A VERY IMPORTANT MECHANISM FOR PUBLIC INPUT AND THIS BILL IGNORES THE LOCAL PROCESS AND GIVES THE DEPARTMENT OF CORRECTIONS "BLANKET AUTHORITY" OVER BUDGETS.

HA 4-4-90 Attachment 11 HB3091 IS SIMILAR TO EFFORTS IN THE LAST TWO LEGISLATIVE SESSIONS TO WREST CONTROL FROM THE LOCAL PROGRAMS, BOARDS AND COMMISSIONERS AND SHIFT IT TO THE DEPARTMENT OF CORRECTIONS.

IT IS OUR RECOMMENDATION THAT CURRENT COMMUNITY CORRECTIONS

ACT PROGRAMS REMAIN INTACT AND THAT HB3091 BE DEFEATED. IF THE

INTENT OF HB3091 IS TO IMPLEMENT COMMUNITY CORRECTIONS STATEWIDE,

WE WOULD RECOMMEND THAT THOSE EFFORTS BE DELAYED UNTIL FUNDING CAN

BE IDENTIFIED.

WE DO NOT THINK THAT IT IS PRUDENT, NOR WAS IT THE INTENT OF SB49 (PASSED IN 1989), TO EXPAND STATEWIDE AT THE EXPENSE OF THE CURRENT AND MOST EFFECTIVE PROGRAMS.

WE STRONGLY RECOMMEND THAT YOU VOTE AGAINST HB3091.

THANK YOU VERY MUCH.

OFFICE OF DISTRICT ATTORNEY

SEVENTH VUDICIAL DISTRICT JUDICIAL A LAW ENFORCEMENT CENTER 111 E. 1111/STREET • LAWHENCE, KS 66044

JAMES E. FLORY DISTRICT ATTORNEY DOUGLAS COUNTY, KANSAS

General Office 913-841-0211 Child Support 913-841-7420

April 2, 1990

The Honorable Bill Bunten State Representative State Capitol Topeka, Kansas 66612

RE: House Bill No. 3091

Dear Representative Bunten:

It is my understanding that the House Committee on Appropriations will be considering House Bill No. 3091 on April 3, 1990. Although I will be unable to attend personally, please accept this letter as my opposition to lines 2 through 7 of page 2 of the bill.

As I am sure you will hear from various individuals, the concept of community corrections is built upon a foundation of state and local cooperation. Neither of these partners should have the unilateral control proposed in House Bill No. 3091.

As District Attorney and as a member of the Douglas County Community Corrections Advisory Board, I encourage you and other members of the committee to oppose the provisions of H.B. 3091 that would clearly erode local programing control in community corrections.

Very truly yours,

James E. Flory District Attorn∉y

JEF:cvb

HA 4-4-90 Attachment 12

PROPOSED AMENOMENTS (Subcummittee Report 4-3-90)

Session of 1989

HOUSE BILL No. 2578

By Committee on Appropriations

5-1 land other developmental disabilities 11 AN ACT establishing the governor's commission on mental retar-12 dation services, relating to the composition thereof; prescribing 13 functions therefor. 14 15 Be it enacted by the Legislature of the State of Kansas: 16 Section 1. (a) There is hereby established the governor's com-17 mission on mental retardation services. The commission shall consist 18 one member of 21 members appointed by the governor as follows: 19 (1) two members shall be representative of state mental retar-20 dation institutions; three members shall be appointed from 21 (2) fone member shall be an officer or employee of the department 22 of social and rehabilitation services assigned to an area office 23 (3) one member shall be the commissioner of rehabilitation, or 24 the commissioner's designee; 25 (4) one member shall be the commissioner of adult services, or 26 the commissioner's designee; 27 one member shall be a representative of Kansas advocacy and 28 protective services for the developmentally disabled, inc.; (4) three 29 (6) five members shall be executive directors or representatives 30 of community mental retardation facilities, as defined in K.S.A. [1988] 31 1989 Supp. 65-4412 and amendments thereto; one member shall be representative of the Kansas association of rehabilitation facilities; (8) three members shall be persons who are advocates for mental retardation services or family members of persons who have rec-ived or are receiving mental retardation services; 7) one member _37 (9) two members shall be representative of intermediate care 38 facilities providing mental retardation services which have not more 39 than 15 residential beds; (8) one memb 40 (10) two members shall be representative of intermediate care 41 facilities providing mental retardation services which have more than 42 15 residential beds; and (41) two members shall be members of the legislature, one from

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the senate and one from the house of representatives, which shall not both be members of the same political party.

(b) The governor shall designate the chairperson of the governor's commission on mental retardation services. Each member of the governor's commission on mental retardation services shall be appointed for a term of two years. In the case of a vacancy on the commission, the governor shall appoint a successor for the unexpired term in the same manner as the original appointment. The members of the governor's commission on mental retardation services shall elect a vice-chairperson.

(c) Members of the governor's commission on mental retardation services attending meetings of the commission, or attending a sub-committee meeting thereof authorized by the commission, shall be paid amounts provided in subsection (e) of K.S.A. 75-3223 and amendments thereto.

- Sec. 2. (a) The governor's commission on mental retardation services shall hold regular quarterly meetings and such other meetings as the chairperson of such commission deems advisable, and in addition shall meet at such other times upon the call of the secretary of social and rehabilitation services.
- (b) It is the duty of the governor's commission on mental retardation services to:
- (1) Confer, advise and consult with the secretary with respect to the policies governing the management and operation of all state mental retardation institutions and facilities;
 - (2) as an advocate for mentally retarded individuals;
- (3) monitor, review and evaluate, not less than once each year, the allocation and adequacy of mental retardation services within the state;
- (4) perform such other planning, reviewing and evaluating of mental retardation services in this state, as may be requested by the secretary or as may be prescribed by law; and
- (5) consult with and advise the governor, from time to time, with reference to the management, conduct and operation of mental retardation institutions and programs.
- (c) A member or members of the governor's commission on mental retardation services, from time to time, shall visit each state mental retardation institution for the purpose of inspecting the institution. Such visits shall be made at such times and in such manner as the commission at a regular meeting determines.

(d) The governor's commission on mental retardation services shall make reports from time to time to the governor and the members of the legislature and may make such recommendations as it

(9) one member be representative of t affiliated program of the university of Kansas

Periodically

and community facilities for persons who are mentally retarded or otherwise developmentally disabled

and such facilities

to the director of legislative administi services, in accordance with KSA 46-1212c and amendments there to, for

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annual 41

1	deems advisable for appropriate legislation.	
2	Sec. 3. This act shall take effect and be in force from	and after
2	its publication in the statute book.	