

Approved: 3-10-94
Date

MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE

The meeting was called to order by Chair Sandy Praeger at 10:00 a.m. on March 3, 1994 in Room 526-S of the Capitol.

All members were present except:

Committee staff present: Norman Furse, Revisor of Statutes
William Wolff, Legislative Research Department
Emalene Correll, Legislative Research Department
Jo Ann Bunten, Committee Secretary

Conferees appearing before the committee:

Bob Williams, Executive Director, Kansas Pharmacy Association
Pat Parker, Director of Pharmacy, Lawrence Memorial Hospital
Chip Wheelen, Kansas Psychiatric Society
Bob Epps, SRS
Terry Larson, Kansas Mental Health Association
Steve Paige, Kansas Department of Health and Environment
Frances Kastner, Kansas Food Dealers

Others attending: See attached list

Action on HB 2440 - Payment of claims of medical vendors under medicaid

The Chair called the Committee's attention to **HB 2440** and noted that the hearing was held February 8, 1994.

After Committee discussion, Senator Walker made a motion that the Committee recommend **HB 2440** favorably for passage, seconded by Senator Ramirez. The motion carried.

Hearing on SB 748 - Pharmacy authorized ratio of supportive personnel to licensed pharmacists

Bob Williams, Kansas Pharmacy Association, appeared in support of **SB 748** which would revise KSA 65-1642 to permit a two-to-one ratio for the use of supportive personnel for in-patient medical facility pharmacy and a one-to-one ratio in non-medical care retail pharmacies unless specifically permitted by the Board. (Attachment 1) Mr. Williams commented that there are two major projects that are occurring in Minnesota and Texas - both of these pulled the pharmacists from dispensing into pharmaceutical care and permitted supportive personnel to become more involved with the actual dispensing of prescriptions. The pharmacist was then moved into a consultation role of monitoring patients' medication. He noted that rules and regulations needed to be changed that would also allow supportive personnel to place labels on prescription bottles.

Pat Parker, Lawrence Memorial Hospital, addressed the Committee in support of **SB 748**, and noted that the bill would do two things: (1) Establish a technician ratio for hospitals in concert with current needs, and (2) allow the Board of Pharmacy to approve higher ratios for pharmacies willing to undertake pilot projects that would substantially improve patient care. (Attachment 2) Mr. Parker noted that in the models mentioned by Mr. Williams, consultation by pharmacists was covered by insurance when no prescription is written, and that managed care entities are supportive of this cost effective program. In answer to a member's suggestion about allowing the Board to decide the ratio should be, Mr. Parker noted that the Board would have to review each area on a case by case basis. It was suggested that more information should be obtained on this issue.

There were no opponents to **SB 748**.

Hearing on SB 786 - Electronic pharmacy claims management system within the department of social and rehabilitation services

Bob Williams, Kansas Pharmacists Association, addressed the Committee in support of **SB 786** but objected to paragraph (c) and recommended that it be struck from the bill, because he felt that paragraph would greatly curtail

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE, Room 526-S
Statehouse, at 10:00 a.m. on March 3, 1994

the ability of SRS to control the Medicaid drug program expenditures. (Attachment 3) During Committee discussion it was noted that there is a \$9 to \$1 federal match to implement an updated electronic claims processing, and that the state dollar share is approximately \$200,000.

Chip Wheelen, Kansas Psychiatric Society, noted that he supports the provisions of subsection (c) of the bill, but is concerned with subsection (b) as proposed and the involvement of the DUR committee. (Attachment 4)

Robert Epps, SRS, appeared in opposition to **SB 786** and noted that the cost associated with an electronic claims management system operation may be in excess of one million dollars, followed by MMIS reprocurement in FY 96 which could require providers to learn and implement two systems within a one year period. He also noted that paragraph (c) voids the federally allowed cost containment process for drug prior authorization and significantly reduces the effectiveness of prospective drug utilization review. (Attachment 5) Committee discussion related to the House Appropriations subcommittee report that would implement electronic pharmacy claims management system with prospective drug utilization review. (Attachment 6)

Terry Larson, Kansas Mental Health Association, addressed the Committee and stated she is in total support of the bill, and has no problem with prior authorization for prescription of antidepressants so long as a generic equivalent is available.

Hearing on SB 802 - License fees for food service establishment

Senator Lee expressed her support for **SB 802** noting small establishments are required to pay the same fees as larger ones, and felt a graduated fee would be more appropriate.

Stephan N. Paige, KDHE, noted that implementation of multiple fees would increase administrative workloads associated with categorizing facilities according to gross revenues or seating capacity, and that this impact of multiple fees would have to be accommodated through rules and regulations as noted in his written testimony. (Attachment 7) Committee discussion related to the best method in which to establish an appropriate fee. Staff noted that in terms of the current fee, the agency could not legally establish a variable fee without some kind of statutory authority.

Frances Kastner, KFDA, addressed the Committee in support of a sliding fee scale for annual fees for restaurants. (Attachment 8)

Written testimony in opposition to **SB 802** was received from George Puckett, Kansas Restaurant and Hospitality Association. (Attachment 9)

Senator Lee made a conceptual motion that staff be directed to draft an amendment and language "or any other criteria" be inserted after "gross annual revenue" on page 2, line 10 of the bill, seconded by Senator Hardenburger. The motion carried.

The meeting was adjourned at 11:10 a.m.

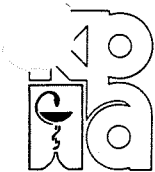
The next meeting is scheduled for March 8, 1994.

GUEST LIST

COMMITTEE: SENATE PUBLIC HEALTH & WELFARE

DATE: 3-3-94

NAME	ADDRESS	COMPANY/ORGANIZATION
Frances Kastner	Topeka	Ks Food Dealers Assn
Steve Pargie	Topeka	KDHE
Pick Guthrie	KC	Heneth Midwifery
W. Cross	"	Shawnee Msn Med Ctr
Leung Larson	Topeka	Kansas AMI
RAY SCHER	Topeka	CITIZEN
PRING	Topeka	KPHA
Harvey Kuse	KC	Slayo
Bob Riley	Topeka	BLBSKS
BRAD Smoot	"	BCBS
David Till	Dallas	Zeneca
CHUCK KLASNER	Topeka	BCBS of K
Chas Wheelen	Topeka	Ks Med Soc
KIPP S	Topeka	SRS
Bob Williams	Topeka	Ks Pharmacists Assoc
TAT PARKER	Lawrence	Ks Society Hosp Pharm
Tom Hitchcock	Topeka	Bel. of Pharmacy



THE KANSAS PHARMACISTS ASSOCIATION
1308 SW 10TH STREET
TOPEKA, KANSAS 66604
PHONE (913) 232-0439
FAX (913) 232-3764

ROBERT R. (BOB) WILLIAMS, M.S., C.A.E.
EXECUTIVE DIRECTOR

TESTIMONY

SENATE PUBLIC HEALTH AND WELFARE COMMITTEE SB 748

March 3, 1994

My name is Bob Williams, I am the Executive Director of the Kansas Pharmacists Association. Thank you Madam Chairman and committee members for this opportunity to address the committee. The Kansas Pharmacists Association respectfully requests that KSA 65-1642 be modified to permit a two-to-one ratio for the use of supportive personnel for in-patient medical facility and a one-to-one ratio in non-medical care retail pharmacies unless specifically permitted by the Board upon the approval of a specific plan describing the manner in which additional supportive personnel shall be supervised. The current statute requires a one-to-one ratio regardless of practice setting.

The utilization of training programs and voluntary certification programs by supportive personnel coupled by the increased demand on the pharmacist to be involved with drug therapy issues has increased the need for the use of supportive personnel in controlled environments.

Additionally, the Kansas Pharmacists Association is wanting to participate in "pharmaceutical care projects" which are revolutionizing the way pharmacy is practiced. Many of these projects are still in the developmental phase. In an effort to move the pharmacist out of the "dispensing mode" and into the "pharmaceutical care" arena, some of these projects require a two-to-one ratio in the retail community setting. By permitting the Board to make exceptions you will be helping the pharmacy profession in Kansas with some of our own needed reforms.

We respectfully request your support for passage of SB 748. Thank you.

*Senate PH & W
Attachment #1
3-3-94*

SENATE BILL 748
Committee on Public Health and Welfare
February 3, 1994

My name is Pat Parker. I am the Director of Pharmacy and IV Therapy at Lawrence Memorial Hospital in Lawrence. I also serve as Clinical Assistant Professor of Pharmacy Practice at KU School of Pharmacy and as immediate past president of the Kansas Society of Hospital Pharmacists.

I am speaking today in favor of Senate Bill 748. This bill would do two things I believe are important and timely:

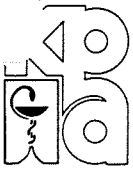
1. Establish a technician ratio for hospitals in concert with current needs.
2. Allow the Board of Pharmacy to approve higher ratios for pharmacies willing to undertake pilot projects that could substantially improve patient care.

Hospitals' unit-dose and intravenous admixture dispensing systems are technically intensive. Likewise, the inventory control and product movement of drugs in hospitals requires pharmacist oversight, but much of the actual work is technical. The pharmacists' responsibilities are quickly moving them into direct patient care activities. This takes pharmacists out of the traditional pharmacy and places them in patient rooms.

Community pharmacy is beginning a transition as well. I am sure that you have all read about the costs of health care and how drug costs account for about 6% of the overall health care dollars. That underestimates the impact of drug related problems. Noncompliance alone has been estimated to add several billions in excess health care costs yearly. Taking drugs can also be dangerous. In 1987, the FDA recorded 12,000 deaths and 15,000 hospital admissions associated with adverse drug reactions. It was estimated that the reports accounted for about 10% of the actual occurrence. Studies estimate that as many as half of these serious adverse reactions are preventable.

Pharmacists have a rapidly growing responsibility to help patients curb these costs. The models that have proven effective require substantial pharmacist time and will necessitate greater reliance on technical staff. Pilot projects in pharmaceutical care under the auspices of the Board of Pharmacy offer a good opportunity for safe implementation of these models.

Senate PH & W
Attachment #2
3-3-94



THE KANSAS PHARMACISTS ASSOCIATION
1308 SW 10TH STREET
TOPEKA, KANSAS 66604
PHONE (913) 232-0439
FAX (913) 232-3764

ROBERT R. (BOB) WILLIAMS, M.S., C.A.E.
EXECUTIVE DIRECTOR

TESTIMONY

SENATE PUBLIC HEALTH AND WELFARE COMMITTEE SB 786

March 3, 1994

My name is Bob Williams; I am the Executive Director of the Kansas Pharmacists Association. Thank you for this opportunity to address the committee regarding Senate Bill 786.

For a number of years the Kansas Pharmacists Association has been encouraging SRS to upgrade their electronic claims submission system. The current system used by SRS is an antique when compared to the sophisticated systems currently used by most pharmacists. Additionally, the House Appropriations Committee is recommending that SRS implement an electronic pharmacy claims management system in FY94 (the Legislature has allocated \$1.1 million in the agency's budget for the past three years for such a system). According to House Appropriations, annualized savings would be expected to total \$787,000 (\$1.9 million all funds).

The Kansas Pharmacists Association does object to paragraph (c) and recommends it be struck from the bill. We are concerned that paragraph (c) would greatly curtail the Department of Social & Rehabilitative Services' ability to control the Medicaid Drug Program expenditures.

Thank you.

*Senate PH&W
attachment #3
3-3-94*



Kansas Psychiatric Society

a district branch of the American Psychiatric Association

623 S.W. 10th St. - Topeka, Kansas 66612-1615
(913) 232-5985 or (913) 235-3619

March 3, 1994

Officers 1992-1994

Ronald L. Martin, M.D.
President
UKSM-Wichita
1010 N. Kansas
Wichita, KS 67214-3124

Manuel P. Pardo, M.D.
President-elect
UKMC-Psychiatry
39th & Rainbow
Kansas City, KS 66103-2964

Jennifer E. Kennedy, M.D.
Secretary
Menninger
P.O. Box 829
Topeka, KS 66601-0829

James Hasselle III, M.D.
Treasurer
Route 2, Box 247-A
Lawrence, KS 66044

D. Ann Vaughan, M.D.
Councillor I
8911 E. Orme
Wichita, KS 67207-2473

Kathryn J. Zerbe, M.D.
Councillor II
Menninger
P.O. Box 829
Topeka, KS 66601-0829

Linda L. Keeler, M.D.
Councillor III
Watkins Memorial Hospital
University of Kansas
Lawrence, KS 66045

George Dyck, M.D.
Representative
Prairie View, Inc.
1901 East First St.
Newton, KS 67114-5010

H. Ivor Jones, M.D.
Deputy Representative
5029 W. 120th Terr.
Overland Park, KS 66209-3543

Staff

Jo Ann Klemmer
Executive Secretary
(913) 232-5985 or
235-3619

Chip Wheelen
Lobbyist
623 S.W. 10th St.
Topeka, KS 66612-1615
(913) 235-3619

To: Senate Public Health and Welfare Committee

From: Kansas Psychiatric Society

Subject: Senate Bill 786 as Introduced

The Kansas Psychiatric Society supports the provisions of subsection (c) of SB786 because of our recent experience with a medication prior approval program adopted by the Department of SRS. We cannot comment on the other provisions of the bill because we are not certain as to the availability of funding to implement subsections (a) and (b). We assume, however, that the bill is intended to apply to the Medical Assistance Program administered by the agency. The Committee may wish to adopt an amendment to clarify that indeed is the purpose of the legislation. ←

You may be aware that as of October 15, 1993, the Department of Social and Rehabilitation Services will no longer pay for the cost of selective serotonin re-uptake inhibitor (SSRI) antidepressants prescribed for a Medical Assistance Program (Medicaid) patient. ← Exceptions can ostensibly be granted through a prior approval process which requires that the prescribing physician devote additional time to document why the patient cannot tolerate a less expensive tricyclic antidepressant or why the generic drug is contraindicated.

The new SRS policy regarding SSRI antidepressants was discussed extensively at the October 1993 meeting of the Kansas Psychiatric Society. At that time, there was no actual experience with the prior approval requirement, so the KPS attempted to cooperate with the agency by offering a very reasonable compromise. We simply requested that prior approval be automatically granted any time that the physician indicates that the generic tricyclic is contraindicated. Our request was not accommodated by the agency.

Senate PH&W
Attachment #4
3-3-94

p.2, Senate PH&W Committee, SB786

In the meantime, we have received phone calls from disconcerted psychiatrists who contend that they have been denied prior approval for prescribed SSRI antidepressants when the medication is clinically indicated. These KPS members indicate that the patient is exposed to potential harm as a result of the SRS denial and, arguably, the physician is exposed to liability in the event of a bad medical outcome. The most feared outcome is successful suicide by overdose of a tricyclic antidepressant.

An article entitled "Practical Psychopharmacotherapy for the Non-Psychiatrist" by Donald B. Milligan, M.D. was published in the September 1993 issue of Kansas Medicine. Dr. Milligan states that, "One disadvantage of the tricyclic antidepressants is that they may cause significant and possibly disabling daytime sedation. Anticholinergic side effects may limit their use, especially in men. The tricyclics may limit the ability to pass urine, blur distance vision, delay gastric emptying, and cause constipation, lethargy, and dry mouth with altered taste and smell. Such side effects may make these drugs unacceptable. In addition, since self-harm or suicide is a significant risk in depression, the lethal effect of these drugs in overdose is a constant concern."

We are extremely cognizant of the pressures imposed on the Department of SRS to somehow restrain Medicaid expenditures. A great deal of pressure is applied by the Legislature, particularly when across the board percentage cuts are applied to State General Fund appropriations. When the SRS budget is arbitrarily reduced by several million dollars without any consideration of programmatic impact, the inevitable result consists of desperate attempts by the agency to reduce expenditures in order to demonstrate that the Department is responding to the Legislature's funding decisions.

We believe that Medical Assistance Program patients deserve the same quality of medical care that the rest of us do. We support the provisions of subsection (c) of SB786 because we believe that prior approval of SSRI antidepressants has demonstrated that such procedures are not in the best interests of Medicaid patients.

Thank you for considering our concerns about this important matter.

KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
Donna L. Whiteman, Secretary

SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE
TESTIMONY ON SENATE BILL 786
ESTABLISHING THE ELECTRONIC PHARMACY CLAIMS MANAGEMENT SYSTEM
March 3, 1994

The SRS Mission Statement:

"The Kansas Department of Social and Rehabilitation Services empowers individuals and families to achieve and sustain independence and to participate in the rights, responsibilities and benefits of full citizenship by creating conditions and opportunities for change, by advocating for human dignity and worth, and by providing care, safety and support in collaboration with others.

Madam Chairman, Members of the Committee, thank you for this opportunity to address you on Senate Bill 786. The Department has been working for some time on the establishment of an electronic claims management system with prospective drug utilization review (DUR) and plans to implement such a system effective July 1, 1996.

SRS is currently in the process of developing a Request for Proposal (RFP) for the next Medicaid fiscal agent contract. SRS plans to acquire a new Medicaid Management Information System (MMIS) which would include electronic claims management and prospective DUR capabilities. Approximately 86% of all Medicaid providers surveyed believe an electronic claims management system would improve their Medicaid business operations and wish to participate. SRS has researched this issue thoroughly with Medicaid providers and evaluated their needs and preferences under an automated claims management system.

It would be possible to implement an electronic claims management and prospective DUR system in FY 95. However, we do not recommend doing so. Estimates for the cost of implementing this pharmacy system in FY 95 have ranged from seven-hundred thousand to an excess of one million dollars depending on the contractor. We are unable to determine whether a system implemented in FY 95 would be compatible with the new MMIS. Thus, by implementing in FY 95, we would run the risk of paying for a similar system again in FY 96. The FY 95 implementation of a pharmacy system could also limit competition for the larger MMIS contract by giving an advantage to the Pharmacy system provider. In addition, the Department wants to be responsive to concerns of providers regarding the complexity of the Medicaid payment system. They have indicated that major changes in operations and procedures are costly and inefficient. We are concerned that FY 95 implementation of a pharmacy system followed by MMIS reprocurement in FY 96 could require providers to learn and implement two systems within a one year period.

Paragraph (c) voids the federally allowed cost containment process for drug prior authorization and significantly reduces the effectiveness of prospective drug utilization review.

For the above reasons SRS opposes Senate Bill 786 as we intend to implement these new pharmacy features in conjunction with the new fiscal agent contract and it restricts the Agency's ability to contain costs.

Donna L. Whiteman
Secretary

Senate PH&W
Attachment #5
3-3-94

of this recommendation, the state would not reimburse for an estimated 1,020 burials of indigent individuals in FY 1995.

- f. **Reduce Pharmacy Dispensing Fee by \$1 effective January 1, 1995.** Delete \$500,000 from the State General Fund (\$1,250,000 All Funds) for projected half-year savings in FY 1995. The Subcommittee heard testimony that the mean pharmacy dispensing fee under the Medicaid program is \$5.08, compared to a Blue Cross Blue Shield rate of \$3.50-\$4.05. The Subcommittee learned that the state of Missouri experienced significant savings from changes in its Medicaid dispensing fee. We would note that several questions remain to be answered regarding the feasibility of this reduction, including the impact on small Medicaid pharmacies, how all reimbursement components paid to pharmacies compare with actual costs, and how many times each drug is reimbursed. The Subcommittee recommends that the Senate Subcommittee review this additional information, and that this Subcommittee review this recommendation during the Omnibus Session if Senate review does not occur. The Subcommittee also recommends that the Senate Subcommittee review an alternative option of reducing the maximum percentile pharmacy reimbursement from the 80th to the 70th percentile.

- g. **Implement Electronic Pharmacy Claims Management System with Prospective Drug Utilization Review.** Delete \$590,400 from the State General Fund (\$1,440,000 All Funds) in projected savings in the medical assistance program due to implementation of an electronic pharmacy claims management system effective October 1, 1994. Annualized savings would be expected to total \$787,000 SGF (\$1.9 million All Funds). The Subcommittee heard testimony that the Legislature has included funding of \$1.1 million in the agency's budget for three years for an electronic pharmacy claims management system. SRS reported that it did not intend to proceed with this project until after a new Medicaid Management Information System is installed in FY 1996. The Subcommittee reviewed information received from Blue Cross Blue Shield of Kansas which indicated that an on-line claims processing and prospective drug utilization review system could be implemented at this time without tying the state to the current information system contract with EDS-federal. The Subcommittee understands that such a system could be on-line within 90 days, and Blue Cross Blue Shield estimates the state could experience savings of three percent in the pharmacy. The Subcommittee recommends that the agency proceed with seeking federal approval to put a system in place, and that they provide additional information to the Senate regarding potential savings. We encourage SRS to proceed with implementation in FY 1994 if it is feasible to do so since funding is currently in their budget.

- h. **Shift Capital Outlay to Budget Stabilization Fund.** Delete \$1.0 million from the State General Fund and add \$1.0 million from the BSF for capital outlay recommended by the Governor.

*Senate P & W
attachment #6
3-3-94*

State of Kansas

Joan Finney, Governor



Department of Health and Environment

Robert C. Harder, Secretary

Reply to:

Testimony presented to

Senate Committee on Public Health and Welfare

by

The Kansas Department of Health and Environment

Senate Bill 802

K. S. A. 36-503 requires food service establishments to obtain licenses and establishes a fee limit of \$100. Actual license fees are adopted by administrative regulation by the Secretary. The current food service license fee is established by K. A. R. 28-36-30 at \$70 per location. The \$70 license fee has been in effect since September 1993. A license fee of \$40 was in effect from 1991 to 1993. The license fee was increased in 1993 at the direction of the House Committee on Appropriations. The KDHE maintained a graduated license fee schedule from 1979 to 1991. Using that system, food service establishments paid fees of \$30, \$35 or \$40 based on the complexity of the facilities. For example, facilities preparing and serving only beverages paid the lower fee, while the more complex facilities cooking and serving meals paid the higher fees.

The fees support a program that is both regulatory and educational as a service to licensees, citizens and visitors to Kansas. Inspectors are available to operators of food service establishments to assist in complying with food safety requirements. Food safety requirements are directed at the prevention of foodborne illness. Staff also present food protection seminars and respond to consumer complaints.

Passage of Senate Bill 802 will require the Secretary to adopt a fee regulation establishing license fees based on total seating or gross annual sales or a combination of these determining factors. These factors are used by some other states to establish license fees. Other factors used are total square footage, number of employees and flat fees.

The licensing program experiences approximately a 20% turnover rate yearly, about 2,000 establishments. Newly licensed facilities would have no history of gross sales on which to base initial license fees. Businesses having secondary businesses, such as retail stores also providing a food service, would need to separate food service sales from other sales. In addition, many inspected and licensed facilities, such as school lunch programs, community service organizations and group feeding sites have no gross sales.

Implementation of multiple fees will increase administrative workloads associated with categorizing facilities according to gross revenues or seating capacity. This impact of multiple fees would have to be accommodated through rules and regulations.

Testimony presented by:

Stephen N. Paige
Director
Bureau of Environmental Health Services
March 3, 1994

Senate PH&W
Attachment # 7
3-3-94



EXECUTIVE DIRECTOR
JIM SHEEHAN
Shawnee Mission

SENATE PUBLIC HEALTH & WELFARE COMMITTEE

3-3-94

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SUPPORTING SB 802

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Abilene

DIRECTOR OF
GOVERNMENTAL AFFAIRS

FRANCES KASTNER

I appreciate the opportunity to share some of our views with you regarding fees, which we see as hidden taxes. We always hear that fees can be passed on "as a cost of doing business". However, at some point, every business reaches a saturation point on the amount of fees that can be "passed on". When that happens, the service provided or product sold is eliminated.

As an example of annual fees paid by some of our members in Topeka I've listed over \$500.

State Food Service License	\$ 70.00
Shawnee Co. Food Service License	30.00
Selling Over the Counter non-RX drugs	20.00
Cigarette License	12.00
Local Cereal Malt Beverage License	125.00
Federal Cereal Malt Beverage License	250.00
CITY License to stay open after midnight	25.00

Each year we see more "user-fees" being assessed or increased in an amount sufficient to defray the cost of inspection or licensure, plus administration of the law. Several years ago we thought tax dollars were used only for education, welfare, and salaries for state employees. Some of our members are beginning to think that taxes are now being used only for education and welfare, with user fees paying the major portion of the overall cost of state government.

Over the years we've seen many methods of assessing the fee for food service inspections. We have always opposed any bill giving any appointed official of a state agency the authority to fix fees, including the one that gave the secretary of health and environment the authority to set the fee up to \$100 for inspecting food service establishments. We support the idea of going back to a sliding fee scale.

Frances Kastner, Director
Governmental Affairs, KFDA

Senate PH&W
Attachment #8
3-3-94



KANSAS RESTAURANT AND HOSPITALITY ASSOCIATION

WICHITA - HEADQUARTERS OFFICE
359 SOUTH HYDRAULIC
WICHITA, KANSAS 67211
(316) 267-8383
FAX (316) 267-8400

TOPEKA - LEGISLATIVE OFFICE
500 S. KANSAS AVE., SUITE "K"
TOPEKA, KANSAS 66603
(913) 235-6300
FAX (913) 235-6454

SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE
Senator Sandy Praeger, Chairperson

March 3, 1993

TESTIMONY OF GEORGE PUCKETT
KANSAS RESTAURANT AND HOSPITALITY ASSOCIATION

Madame Chairperson and Members of the Committee:

My name is George Puckett, and I represent the Kansas Restaurant and Hospitality Association, a statewide group of approximately 750 foodservice and hospitality industry businesses in Kansas.

KRHA opposes SB 802. The measure proposes a tiered-level of licensing fees for foodservice establishments based on their size of operation or gross annual income as determined by the Secretary of Health and Environment.

The multi-level licensing fee was used until its elimination several years ago. We understand it was an administrative nightmare for the Department. The licensure fee is for inspections. The cost to the Department is the same to license each foodservice operation and size or revenue generated is not a factor. It is also the concern of KRHA that the vital services provided by inspectors would be wasted counting chairs or being required to review financial statements, to be sure each foodservice operation is in compliance with its appropriate licensing category. The inspector rather should be spending time working on valuable sanitation issues to assure the safest and best operation possible to serve the public.

For the above reasons, we would ask the Committee to oppose SB 802.

I am sorry I was ^{un}able to appear in person before the Committee. Our annual audit is underway.

... Promoting Excellence in the Foodservice and Hospitality Industry Since 1933"

Senate P.H. & E.
Attachment #9
3-3-94