

Approved January 27, 1988  
Date

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Senator Wint Winter, Jr. at  
Chairperson

12:30 ~~am~~/p.m. on January 21, 1988 in room 254-E of the Capitol.

All members were present except:

Committee staff present:

Bill Edds, Revisor of Statutes' Office  
Lynne Holt, Legislative Research Department  
Mary Allen, Secretary to the Committee

Conferees appearing before the committee:

Michael O'Keefe, Division of Budget  
Bob Williams, Kansas Pharmacists Association

The meeting was called to order by the Chairman, Senator Wint Winter, Jr. at 12:30 p.m..

Bob Williams, Executive Director of the Kansas Pharmacists Association, appeared before the Committee. He stated that there are health care plans offered by some employers in Kansas which require their employees to obtain their prescription medication from mail order groups outside the State of Kansas. He pointed out that in some cases these employees are not allowed to purchase any of their prescription medication from local pharmacies in Kansas and that in other cases employees can purchase from their local pharmacy but are penalized with a sizeable copayment which is not required of those who are using the mail order pharmacy. (See Attachment I for his statement.)

Mr. Williams requested that the Committee introduce a bill in the 1988 Session of the Legislature similar to one enacted in 1987 by the Oklahoma Legislature (Attachment II). The Oklahoma law prohibits an employer from requiring its employees or retirees to obtain their prescription medication from a mail order pharmacy as a condition of obtaining the employer's payment for prescription drugs or from imposing a copayment or other condition not imposed on those using the mail order pharmacy.

Senator Burke moved that a Committee bill be introduced which would contain the suggestions set forth by Mr. Williams of the Kansas Pharmacists Association. Senator Daniels seconded the motion. The motion carried.

Michael O'Keefe, Director of the Division of Budget, spoke to the Committee on the Governor's recommendations concerning the State Economic Development Initiative Fund. He provided Committee members with copies of the section of the Governor's Budget concerning that Fund. (Attachment III)

Senator Hayden moved that the minutes of the January 13, 1988, meeting of the Committee be approved. Senator Vidricksen seconded the motion. The motion carried.

The meeting was adjourned at 1:35 p.m. by the Chairman.

GUEST LIST

NAME

REPRESENTING

Bill Hollenbeck

Pitt St UMW

Debbie Zabel

Institute for Public Policy & Bus. Research

Joe HARKINS

Ks WATER OFFICE

Tom Whitaker

Ks MOTOR CARRIERS ASSN.

Bob Williams

Ks. Pharmacist Assoc.

John Strickler

Governor's Office

John L. Baldwin

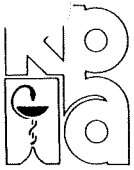
Kansas water authority

M 70 K

Budget Division

Walt DARLING

DIVISION OF BUDGET



THE KANSAS PHARMACISTS ASSOCIATION

1308 WEST 10TH

PHONE (913) 232-0439

TOPEKA, KANSAS 66604

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

Senate Committee on Economic Development  
January 21, 1988

MR. CHAIRMAN, COMMITTEE MEMBERS: Thank you for this opportunity to address the committee.

There are health care plans offered by some employers in Kansas which require their employees to obtain their prescription medication from mail order groups outside the state of Kansas.

In some cases these employees are not allowed to purchase any of their prescription medication from local pharmacies in Kansas.

In other cases employees can purchase from their local pharmacy but are penalized with a hefty copayment which is not required of those who are using the mail order pharmacy.

This boycott of Kansas pharmacists can mean economic ruin for some pharmacies.

For the above reasons and because we believe when possible businesses, corporations and firms in Kansas should purchase from other businesses within the state, we respectfully request that legislation be introduced similar to that which was passed by the Oklahoma Legislature in 1987 which prohibits an employer from requiring its employees or retirees to obtain their prescription medication from a mail order pharmacy as a condition of obtaining the

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Attachment I  
Senate Co Devo  
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employer's payment for prescription drugs: or from imposing a co-payment or other condition not imposed on those using the mail order pharmacy.

Secretary Priddle has endorsed this concept.

It should be noted that we are not asking that the pharmacists in Kansas be given preferential treatment but they at least be allowed to compete. Thank you.

# An Act

ENROLLED HOUSE  
BILL NO. 1436

BY: LASSITER, HAMILTON (Jeff)  
and MORRIS of the HOUSE

and

MARSHALL of the SENATE

AN ACT RELATING TO PROFESSIONS AND OCCUPATIONS;  
AMENDING 59 O.S. 1981, SECTION 353.24, AS AMENDED  
BY SECTION 2, CHAPTER 317, O.S.L. 1986 (59 O.S.  
SUPP. 1986, SECTION 353.24), WHICH RELATES TO  
DRUGS AND PHARMACIES; DEFINING TERM; PROHIBITING  
CERTAIN ACTS; REQUIRING FREEDOM OF CHOICE FOR  
PHARMACY SERVICES; PROVIDING CERTAIN EXCEPTIONS;  
PROVIDING FOR PENALTY; PROVIDING FOR CODIFICATION;  
PROVIDING FOR SEVERABILITY; AND DECLARING AN  
EMERGENCY.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 59 O.S. 1981, Section 353.24, as amended by Section 2, Chapter 317, O.S.L. 1986 (59 O.S. Supp. 1986, Section 353.24), is amended to read as follows:

Section 353.24 It shall be unlawful for any person, firm or corporation:

(a) To forge or increase the quantity of drug in any prescription, or to present a prescription bearing forged, fictitious or altered information or to possess any drug secured by such forged, fictitious or altered prescription.

(b) To sell, offer for sale, barter or give away any unused quantity of drugs obtained by prescription.

(c) To sell, offer for sale, barter or give away any drugs damaged by fire or water without first obtaining the written approval of the Board of Pharmacy and the State Department of Health.

(d) To enter into any arrangement whereby prescription orders are received, or prescriptions delivered at a place other than the pharmacy in which they are compounded and dispensed. However, nothing in this section shall prevent a pharmacist or his employee from personally receiving a prescription or delivering a legally filled prescription at a residence, office or place of employment of the patient for whom the prescription was written.

(e) To sell, offer for sale or barter or buy any professional samples. For purpose of this section, "professional samples" means complimentary drugs packaged in accordance with federal and state statutes and regulations and provided to a licensed practitioner free of charge by manufacturers or distributors for the purpose of being distributed free of charge in such package by the licensed practitioner to his patient.

\* SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 353.28 of Title 59, unless there is created a duplication in numbering, reads as follows:

A. No employer providing pharmacy services including prescription drugs to any employee or retiree of said employer, as part of a health care program, shall knowingly:



1. require the employee or retiree of said employer to obtain drugs from a mail order pharmacy as a condition of obtaining the employer's payment for such prescription drugs; or

2. impose upon an employee or retiree of said employer not utilizing a mail order pharmacy designated by the employer a copayment fee or other condition not imposed upon employees or retirees of said employer utilizing the designated mail order pharmacy.

B. The provisions of this section shall not apply to any employer who offers, as a part of a health care program, health insurance coverage to employees or retirees of said employer which provides for reimbursement of an equal portion of the cost to the employee or retiree of said employer for prescription drugs regardless of the supplier provided that the health insurance plan allows the employee or retiree of said employer freedom of choice in determining where the drugs are purchased.

C. Any person violating the provisions of this section, upon conviction, shall be guilty of a misdemeanor. Each such violation shall constitute a separate offense.

SECTION 3. The provisions of this act are severable and if any part or provision shall be held void the decision of the court so holding shall not affect or impair any of the remaining parts or provisions of this act.

SECTION 4. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

## ECONOMIC DEVELOPMENT INITIATIVES FUND

	FY 1988	FY 1989	Percent of Total Resources
<b>ANTICIPATED REVENUES</b> .....	<b>\$5,100,000</b>	<b>\$15,120,000</b>	
Carry Forward Balance .....	—	1,610,300	
Total Available Resources .....	<b>\$5,100,000</b>	<b>\$16,730,300</b>	
<b>RECOMMENDED EXPENDITURES</b>			
<b>Natural Resource Projects</b>			
Wellington Multipurpose Small Lake .....	\$—	\$917,482	
Cedar Bluff Reservoir .....	—	365,418	
Centralia Site 50 Multipurpose Small Lake .....	—	240,000	
Hillsdale Reservoir .....	—	700,000	
Saltwater Contamination Clean-up .....	—	1,250,000	
Wetlands Purchase .....	—	27,100	
Galena Clean-up Matching Funds .....	—	500,000	
Subtotal Natural Resources .....	<b>\$—</b>	<b>\$4,000,000</b>	<b>23.9%</b>
<b>Kansas Technology Enterprise Corporation</b>			
Research Matching Grants .....	\$505,000	\$610,000	
Business Innovative Research Grants .....	—	150,000	
Research Equipment Grants .....	295,000	295,000	
Centers of Excellence .....	600,000	600,000	
Special Projects .....	125,000	—	
Seed Capital .....	500,000	500,000	
Incubators .....	125,000	125,000	
Operations .....	—	204,119	
Subtotal Kansas Technology Enterprise Corporation .	<b>\$2,150,000</b>	<b>\$2,484,119</b>	<b>14.8%</b>
<b>Commerce</b>			
Small Business Development Centers .....	\$75,000	\$75,000	
Certified Development Companies .....	—	75,000	
Development Company/Center Support .....	—	7,550	
Kansas Industrial Training .....	500,000	500,000	
Film Commission .....	31,000	31,000	
Amtrak Study .....	25,000	—	
Bloomingdale's Project .....	68,300	—	
Computerization .....	—	66,434	
Video Equipment .....	—	44,899	
Infrastructure Loan Program .....	—	5,500,000	
Main Street Program Expansion .....	—	75,000	
Education Awards Pilot .....	—	50,000	
Tourism .....	—	100,000	
Small Business Incubators .....	—	80,000	
Subtotal Commerce .....	<b>\$699,300</b>	<b>\$6,604,883</b>	<b>39.5%</b>
<b>Public Broadcasting</b>			
KOOD Television—Lakin .....	\$100,000	\$300,000	1.8%
<b>Agriculture</b>			
Arkansas River Study .....	\$—	\$25,000	
Bloomingdale's Project .....	65,400	—	
Marketing Program Expansion .....	—	178,696	
Subtotal Agriculture .....	<b>\$65,400</b>	<b>\$203,696</b>	<b>1.2%</b>
<b>Racing Commission Operations</b> .....	<b>\$—</b>	<b>\$280,000</b>	<b>1.7%</b>
<b>Arts</b> .....	<b>\$—</b>	<b>\$50,000</b>	<b>0.3%</b>
<b>Total Expenditures</b> .....	<b>\$3,014,700</b>	<b>\$13,922,698</b>	
Year-End Transfers .....	\$475,000	\$—	
Unallocated Reserve .....	<b>\$1,610,300</b>	<b>\$2,807,602</b>	<b>16.8%</b>

Attachment III  
Senate Eco Dev  
1-21-88



ECONOMIC DEVELOPMENT INITIATIVES FUND  
INITIAL DISTRIBUTION SUMMARY BY CONGRESSIONAL DISTRICT—FY 1989

	FIRST DISTRICT	SECOND DISTRICT	THIRD DISTRICT	FOURTH DISTRICT	FIFTH DISTRICT	UNDISTRI- BUTED AMOUNTS
Natural Resource Projects						
Wellington Multipurpose Small Lake . .	\$—	\$—	\$—	\$917,482	\$—	\$—
Cedar Bluff Reservoir . . . . .	365,418	—	—	—	—	—
Centralia Site 50 Multipurpose Small Lake . . . . .	—	240,000	—	—	—	—
Hillsdale Reservoir . . . . .	—	—	700,000	—	—	—
Saltwater Contamination Clean-Up . . .	600,000	—	—	300,000	350,000	—
Wetlands Purchase . . . . .	27,100	—	—	—	—	—
Galena Clean-up Matching Funds . . . .	—	—	—	—	500,000	—
Kansas Technology Enterprise Corporation						
Research Matching Grants . . . . .	—	—	—	—	—	610,000
Business Innovative Research Grants . .	—	—	—	—	—	150,000
Research Equipment Grants . . . . .	—	—	—	—	—	295,000
Centers of Excellence . . . . .	—	—	—	—	—	600,000
Seed Capital . . . . .	—	—	—	—	—	500,000
Incubators . . . . .	—	—	—	—	—	125,000
Operations . . . . .	40,823	40,824	40,824	40,824	40,824	—
Commerce						
Small Business Development Center . . .	—	—	—	—	—	75,000
Certified Development Companies . . . .	—	—	—	—	—	75,000
Development Company/Center Support . .	—	—	—	—	—	7,550
Kansas Industrial Training . . . . .	—	—	—	—	—	500,000
Film Commission . . . . .	—	—	—	—	—	31,000
Computerization . . . . .	—	—	—	—	—	66,434
Video Equipment . . . . .	—	—	—	—	—	44,899
Infrastructure Loan Program . . . . .	—	—	—	—	—	5,500,000
Main Street Program Expansion . . . . .	—	—	—	—	—	75,000
Education Awards Pilot . . . . .	10,000	10,000	10,000	10,000	10,000	—
Tourism . . . . .	—	—	—	—	—	100,000
Small Business Incubators . . . . .	—	—	—	—	—	80,000
Public Broadcasting						
KOOD Television—Lakin . . . . .	300,000	—	—	—	—	—
Agriculture						
Arkansas River Study . . . . .	25,000	—	—	—	—	—
Marketing Program Expansion . . . . .	—	—	—	—	—	178,696
Racing Commission Operations . . . . .	56,000	56,000	56,000	56,000	56,000	—
Arts . . . . .	—	—	—	—	—	50,000
<b>TOTAL . . . . .</b>	<b>\$1,424,341</b>	<b>\$346,824</b>	<b>\$806,824</b>	<b>\$1,324,306</b>	<b>\$956,824</b>	<b>\$9,063,579</b>