

## MINUTES OF THE SENATE WAYS &amp; MEANS COMMITTEE.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on April 7, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Chief Fiscal Analyst, KLRD  
 Rae Anne Davis, KS Legislative Research Department  
 Debra Hollon, KS Legislative Research Department  
 Norman Furse, Revisor of Statutes  
 Michael Corrigan, Asst. Revisor of Statutes  
 Judy Bromich, Administrative Assistant to the Chairman  
 Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

**HB 2814: Senior pharmacy assistance program**

The Chairman noted that action on this bill had been postponed from the meeting on April 6 pending information on potential costs and the number of eligible persons. Senator Salisbury reviewed the Rhode Island program, pointing out that there were 16,000 eligible recipients and that the age requirement for eligibility was lower and the income eligibility level was higher than the subcommittee recommended in the balloon version of this bill (Attachment 1). Members discussed the difficulty in determining the number of persons eligible for the pharmacy program without knowing who would be disqualified because of limitations in the bill. Senator Salisbury commented that using the assumptions made by the Division of the budget (an 8% earnings rate of return over one year), 3040 persons could be served in the first 12 months of the program if all of them used the program to do maximum amount allowable.. She also added that many people anticipate enactment of Federal legislation that would encompass a senior pharmacy program and, if that occurs, no one in Kansas would be eligible for the Kansas program as it's written.

Information on prescription drug services provided by Senior Health Insurance Counseling for Kansas from the Kansas Insurance Department was distributed to members (Attachment 2). In answer to a question, it was noted that the estimated prescription savings for Medicare beneficiaries in 1999 of \$1.1 million was for four months only. Members expressed a desire to have the ability to control the cost of the program through appropriations rather than establishing an entitlement program.

Senator Salisbury moved, Senator Morris seconded that the subcommittee report be amended to include a repealer in the event the Federal government enacts a senior pharmacy program and that the subcommittee report (Attachment 2) as amended be amended into HB 2814. The motion carried on a voice vote.

Concern was expressed that the words "any other source whatsoever" on page 2, lines 29 & 30, could be interpreted to include the State General Fund. It was moved by Senator Ranson and seconded by Senator Jordan that HB 2814 be further amended by deleting the words "any other source whatsoever for the purposes of the program established under this act" on page 2, lines 29 & 30 and by inserting the words "private nongovernmental sources." The motion carried on a voice vote.

It was moved by Senator Salisbury and seconded by Senator Lawrence that HB 2814 as amended be recommended favorably for passage. The motion carried on a roll call vote.

The Chairman adjourned the meeting at 11:50 p.m. The next meeting is scheduled for 10:00 a.m. on April 20, 2000.



HOUSE BILL No. 2814

By Representatives Mayans and Glasscock, Aday, Alldritt, Barnes, Benlon, Burroughs, Compton, Empson, Faber, Farmer, Flower, Freeborn, Gatewood, Gilbert, Hayzlett, Henry, Hermes, Horst, Howell, Huff, Hutchins, Johnston, P. Long, Loyd, Mason, Mays, McClure, McCreary, Merrick, Minor, Mollenkamp, Judy Morrison, Myers, O'Neal, E. Peterson, Pottorff, Powell, Powers, Ruff, Sharp, Stone, Tanner, Tedder, Thimesch, Tomlinson, Toplikar, Vickrey, Vining and Wilk

17 AN ACT establishing the senior pharmacy assistance program; providing  
18 for administration of the program by the secretary of ~~social and re-~~  
19 ~~habilitation services aging.~~

20  
21 *Be it enacted by the Legislature of the State of Kansas:*

22 Section 1. (a) Within the limits of appropriations therefor, the sec-  
23 retary of ~~social and rehabilitation services aging~~ shall establish a senior  
24 pharmacy assistance program in accordance with the provisions of this  
25 section. The senior pharmacy assistance program shall provide financial  
26 assistance to eligible individuals for the purchase of prescription drugs.

27 (b) The secretary of ~~social and rehabilitation services aging~~ shall  
28 adopt rules and regulations establishing eligibility for the senior pharmacy  
29 assistance program subject to the following criteria:

30 (1) An individual to be eligible for the program must be ~~not less than~~  
31 ~~62 years of age~~ 67 years of age or older ~~[except that commencing~~  
32 ~~with fiscal year 2003 an individual to be eligible for the program~~  
33 ~~must be 65 years of age or older].~~

34 (2) unless modified as provided in section 2 and amendments  
35 thereto, an eligible individual's income must not exceed ~~\$14,000~~ and the  
36 individual's household income must not exceed ~~\$16,000~~;

37 (3) an eligible individual must not qualify for any other local,  
38 state or federal prescription drug program,

39 (4) an eligible individual must not be covered under any pri-  
40 vate prescription reimbursement plan,

41 (5) an eligible individual must not have voluntarily canceled a  
42 local, state or federal prescription drug program or a private pre-  
43 scription reimbursement plan within six months prior to applica-

150% of the federal poverty guidelines for a one person family unit

150% of the federal poverty guidelines for a two person family unit

funding from

Senate Ways and Means Committee

Date April 7, 2000

Attachment # 1

2-1

tion for enrollment in the senior pharmacy assistance program,

(6) unless modified as provided in section 2 and amendments thereto, ~~all prescription drugs covered by the state Medicaid program shall be eligible for reimbursement,~~

(7) a copayment of ~~\$12 for each prescription (in an amount not to exceed 30% of the cost of each prescription shall be established,~~

(8) unless modified as provided in section 2 and amendments thereto, a maximum annual drug benefit of ~~(\$1,500)~~ shall be established for each eligible individual, and

(9) the ~~cost reimbursement to the pharmacy shall be the average wholesale price, minus 10%, or the usual and customary cost, whichever is lower, and~~

~~(10) the pharmacy dispensing fee shall be \$3.00 for each prescription dispensed.~~

(c) The secretary of social and rehabilitation services aging shall adopt rules and regulations as necessary to implement the provisions of the senior pharmacy assistance program. Enrollment in the program shall be in accordance with applications and procedures established by the secretary. ~~New enrollment in the program during a fiscal year shall cease if the secretary determines that costs of the program will exceed funds appropriated for the program during that fiscal year.~~

(d) Appropriations for the senior pharmacy assistance program shall be from the interest or earnings from the senior services trust fund and shall be made in accordance with appropriation acts.

Sec. 2. (a) To implement the provisions of this act, the secretary of aging is hereby authorized to negotiate and enter into contracts for the performance of the powers, duties and functions established under this act, receive grants, gifts or donations from the United States government, or its agencies, or any other source whatsoever for the purposes of the program established under this act. Any moneys so received shall be deposited in the state treasury and credited to the senior services trust fund.

(b) In the event that the secretary determines that the funds appropriated may not meet projected expenditures for the fiscal year, the secretary may:

(1) Adjust the maximum benefit set forth in subsection (b) of section 1 and amendments thereto;

(2) adjust the income eligibility levels set forth in subsection (b) of section 1 and amendments thereto;

(3) adjust the copayment level as set forth in subsection (b) of section 1 and amendments thereto;

~~(4) limit the program to maintenance drugs; or~~

~~(5) establish a period of open enrollment which shall be not~~

prescription drugs

shall be limited to maintenance drugs for specified disease states

of

\$1,200

pharmacy

and dispensing fee shall be established by the secretary of aging

(e) As used in this section:

(1) "Income" means income from whatever source derived; and

(2) "federal poverty guidelines" means the most recent poverty guidelines as published annually in the federal register by the United States department of health and human services.

take one or more of the following actions

or

1-3

1 less than 30 days and which shall include an enrollment period for  
2 those who become age eligible during the year. Any such changes  
3 will be effective 30 days after notice of the same is published in  
4 the Kansas register.

5 (c) The secretary of social and rehabilitation services shall  
6 serve as fiscal agent for the senior pharmacy assistance program  
7 pursuant to agreements entered into with the secretary of aging.

8 Sec. ~~2~~ 3. This act shall take effect and be in force from and after  
9 ~~April~~ 1, 2001, and its publication in the statute book.

July




Kathleen Sebelius  
Commissioner of Insurance  
**Kansas Insurance Department**

Memorandum

April 6, 2000

TO: Interested Parties

FROM: Ken Grotewiel  
Director, Consumer Assistance Division 


RE: Information on prescription drug services provided by the SHICK program  
(Senior Health Insurance Counseling for Kansas)

The "Prescription Drug Program" run by the SHICK program is a service that assists Medicare beneficiaries to access assistance programs sponsored by the pharmaceutical companies. While this option is extremely valuable to people needing help, it is a hit and miss system. Almost all applications must be made by a person's doctor, the drugs are distributed in a wide variety of ways, and most approvals cover a 90 day period at which time people must re-apply to continue to receive their prescription drugs. As well, the prescriptions applied for are for the treatment of on-going or chronic conditions, and are not useful in cases of acute or sudden illness.

In response to some questions yesterday, I am providing the following information.

- 1) Number of people helped with prescription drugs in calendar year 1999: 3278
- 2) Estimated prescription drug savings for Medicare beneficiaries in 1999: \$1.1 Million
- 3) Most typical kinds of conditions for which prescription drugs are sought:
  - a) High Blood Pressure
  - b) Diabetes
  - c) Arthritis
  - d) Parkinson's Disease
  - e) High Cholesterol
  - f) Respiratory Conditions (inhalers)
- 4) Number of Companies that require co-pays: 2-3
- 5) Maximum income allowed to qualify: generally \$700-\$800 per month, \$8400-\$9600 per year.

785-296-7810 Legal Division  
785-296-2283 Legal Fax

 **Consumer Assistance Hotline**  
1 800-432-2484 (Toll Free)  
785-296-7829 Topeka  
785-296-5806 FAX

Senate Ways and Means Committee

Date *April 7, 2000*

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