

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 11:10 a.m. on April 9, 2002 in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department
Deb Hollon, Kansas Legislative Research Department
Audrey Nogle, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Michael Corrigan, Assistant Revisor of Statutes
Judy Bromich, Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Duane Goossen, Director, Division of the Budget
Connie Hubbell, Secretary, Department on Aging
Janet Schalansky, Secretary, Department of Social and Rehabilitation Services
Julie Govert Walter, Kansas Area Agencies on Aging Association

Others attending: See attached list

Bill Introduction

Senator Jackson moved, with a second by Senator Huelskamp, to introduce a bill concerning school districts; relating to budgeting. Motion carried on a voice vote.

Chairman Morris welcomed Duane Goossen, Director, Division of the Budget, who addressed a letter that had been sent to Janet Schalansky, Secretary, Department of Social and Rehabilitation Services, from the Federal Department of Health and Human Resources regarding the intergovernmental transfer (Attachment 1). Director Goossen explained that the letter received from the federal government denied that what has been thought of as the extra money or the extra potential money from the intergovernmental transfer. The State will have to give back approximately \$28 million dollars that is currently being received and the final three quarter payments that are being expected over the life of the program will be reduced below earlier estimates. Committee questions and discussion followed.

Chairman Morris opened the public hearing on:

SB 656--Senior pharmacy plus act

Staff briefed the Committee on the bill.

Connie Hubbell, Secretary, Department on Aging, testified in support of SB 656 (Attachment 2). Secretary Hubbell explained that the Senior Pharmacy Plus Program would be administered by the Secretary of Aging, while the financial eligibility and claims processing would be administered by the Department of Social and Rehabilitation Services. She explained that this new pharmacy program could be established as a separate, stand-alone program or melded into current SRS program infrastructures.

Janet Schalansky, Secretary, Department of Social and Rehabilitation Services, testified in support of SB 656 (Attachment 3). Secretary Schalansky explained that all waivers must meet a budget neutrality test in order to receive approval from the Center for Medicare and Medicaid Service (CMS). That implies that they will need to demonstrate that creation of a senior pharmacy program will not cost more to implement than their current Medicaid program. She explained that in order to meet this budget neutrality test, SRS will need to achieve savings in other areas of the Medicaid budget. Also, they will need to craft a program

CONTINUATION SHEET

that, although will be managed by the Department on Aging, relies on the SRS infrastructure for administration of the program.

Julie Govert Walter, Conferee, Kansas Area Agencies on Aging Association, testified regarding **SB 656** (Attachment 4). Ms. Walter explained that they whole-heartedly support the concept of an enhanced prescription assistance program of Kansas seniors, they are unable to endorse passage of **SB 656** because of the proposed funding mechanism. She expressed concern that Intergovernmental Transfer monies are limited and are going to be diminishing and disappearing altogether in a matter of months. Ms. Walter mentioned that if the decision is made to fund this program, the Area Agencies on Aging and the Department on Aging would fully utilize existing networks and delivery systems to deliver this important service to older Kansans in an excellent way.

Written testimony was received from Ernest Kutzley, Associate State Director/Advocacy, AARP Kansas in support of **SB 656** (Attachment 5).

Committee questions and discussion followed each conferee's testimony. Chairman Morris thanked the conferees for appearing before the Committee. There being no further conferees to come before the Committee, the Chairman closed the public hearing on **SB 656**.

Senator Kerr moved, with a second by Senator Adkins, to recommend SB 656 favorable for passage. Motion carried on a roll call vote.

Chairman Morris opened the public hearing on:

SB 658--No death and disability benefit employer contributions on behalf of KPERS members between July 1 and December 31, 2002

Staff briefed the Committee on the bill.

There were no conferees to come before the Committee and questions and discussion followed. The Chairman closed the public hearing on **SB 658**.

Senator Barone moved, with a second by Senator Jordan, to recommend SB 658 favorable for passage. Motion carried on a roll call vote.

Chairman Morris explained a suggestion that he had drafted regarding bonuses (Attachment 6). There was Committee discussion, but no consensus by the Committee.

Information was distributed from Bobbi Mariani, Director, Division of Personnel Services, Department of Administration, regarding a correction on the Longevity Bonuses Paid in FY 2001 Grand Total amount (Attachment 7).

The meeting adjourned at 12:25 p.m. The next meeting is scheduled for April 10, 2002.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE April 9, 2002

NAME	REPRESENTING
Bill Denny	KCUA
B. Mariani	DEJA
Jamie Clover Adams	KS Department of Agriculture
James Fisher	KOJA
Conie Hunter	KOJA
Robert Day	SRS
Laura Howard	SRS
Mike Huffles	Pharmacia
Tom Knox	Pharmacia
DICK KNOSSPEL	ABBOTT LABORATORIES
Julie Sweet Walter	KYA
Stuart Little	Area Agency on Aging Assoc.
Agony Sanchez	KAPE
Or Rye	S.E.A.K
Keith Haxton	S.E.A.K
Susan Kannarr	Kansas Health Institute
Glenn Deck	KIDERS
Jack Hawn	KIDERS
Bubba Wither	AARP
Bill Watts	KDOT
Brod Smart	Pfizer / Abbott
Nancy Zogleman	Pfizer



Refer to:
FM:LB
KS/2001/4/E/03/MAP

APR 08 2002

Region VII
Federal Office Building
601 East 12th Street
Kansas City, Missouri 64106

Ms. Janet Schalansky, Secretary
Department of Social and Rehabilitation Services
Docking State Office Building
915 SW Harrison Street
Topeka, Kansas 66612

Dear Ms. Schalansky:

This is in response to your letter dated March 26, 2002 in which you presented your rationale that the deferral of \$9,286,851 Federal Financial Participation was improper. In your letter, you stated that based on the changes made to the Code of Federal Regulations (CFR) published in the *Federal Register* on January 12, 2001, Kansas qualifies for an exception for particular State plan amendments that reimburse institutional providers in excess of Upper Payment Limits. The particular exception, as noted in 42 CFR 447.272(d), is 42 CFR 447.272(e)(2)(ii)(A). Your letter also indicated that this provision was revised by the *Federal Register* notice published on September 5, 2001 and reads as follows:

"For State plan provisions that are effective after September 30, 1999 and were approved before January 22, 2001, payments may exceed the upper payment limit in paragraph (b) of this section until September 30, 2002."

You have indicated that the Kansas Medicaid State Plan Amendment authorizing the Intergovernmental Transfer Program became effective February 18, 2000 and was deemed approved by CMS on September 26, 2000.

We agree that the effective date and approval date for State Plan Amendment MS 00-01 allow Kansas to qualify for the exception provided for in 447.272(e)(2)(ii)(A). This allows Kansas to exceed the Upper Payment Limit (UPL) described in 447.272(b) until September 30, 2002. Therefore your transition period ends September 30, 2002.

However, the *Federal Register* notice of January 12, 2001 also imposed limits in the amount that State's payments could exceed UPLs during transition periods. Paragraph 447.272(e)(2)(i) limits "excessive payments" by providing that:

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"General rules. (i) The amount that a State's payment exceeded the upper payment limit described in paragraph (b) of this section must not increase."

In your response to the deferral, we believe that you did not take into consideration the meaning of paragraph 447.272(e)(2)(i). Although you stated correctly that Kansas qualifies for a transition period allowing payments to exceed UPLs, the State is still bound to the requirement that the level of payments in excess of the UPL must not increase.

On the CMS-64 for the quarter ended June 30, 2001 Kansas claimed Intergovernmental Transfer Program (KSITP) payments of \$25,501,659 Federal Financial Participation (FFP). On the CMS-64 for the quarter ended September 30, 2001 Kansas claimed KSITP payments of \$34,788,511. The September 30, 2001 claim represented an increase of \$9,286,851 FFP in KSITP payments. We deferred the amount of the increase because the September 30, 2001 claim had the appearance of increasing excessive UPL payments in violation of 42 CFR 447.272(e)(2)(i). At the time we took the deferral, you did not have the appropriate documentation available that would have allowed us to accurately calculate any portion of the increased September 30, 2001 claim that may be allowable under your transition period. Our deferral was also taken because your staff indicated that increased Medicare rates were used to calculate the payments claimed on September 30, 2001. Based on the structure of your program, the use of the increased Medicare rates would ultimately cause an increase in the level of payments above the UPL.

You have now provided us with the documentation we have requested which will allow us to accurately calculate any increases in excessive payments above the UPL that were claimed. As mentioned above, from your use of increased Medicare rates and the way your program is structured, we expect to identify amounts that were over claimed. We are currently working on calculating the over payment, but at this time we estimate the amount to be \$8,913,596 FFP.

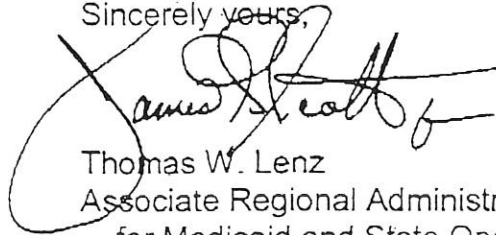
When our calculations are complete, we will provide you with our detailed analysis of the amount of increased excessive UPL payments. The Regional Office will then issue a demand letter in which we will request that an adjustment of approximately \$8,913,596 FFP be made on Line 10B of the next submission of your Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (Form CMS -64).

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We will continue to analyze future KSITP claims to ensure that excessive UPL payments do not increase and will disallow any over claimed amounts.

If you have any questions concerning this action, please contact James G. Scott, Chief, Medicaid Branch, at (816) 426-3406.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Thomas W. Lenz", is written over a large, circular, light-colored stamp or watermark.

Thomas W. Lenz
Associate Regional Administrator
for Medicaid and State Operations

cc: Robert Day
Janis DeBoer
Doug Farmer
Jerry Brock
Ray Dalton



State of Kansas
Department on Aging

Connie L. Hubbell, Secretary

Janis DeBoer

Deputy Secretary

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Senate Ways and Means Committee

April 9, 2002

Senate Bill 656

For information contact:

Sheli Sweeney, Legislative Liaison

(785) 296-5222 or michelle@aging.state.ks.us

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Attachment 2

**REPORT TO THE SENATE WAYS AND MEANS COMMITTEE
BY CONNIE HUBBELL, SECRETARY
KANSAS DEPARTMENT ON AGING
April 9, 2002**

Good morning, Mr. Chairman and members of the committee. Thank you for this opportunity to present testimony on Senate Bill 656 regarding the Senior Pharmacy Plus Program.

In 2000, the Kansas Department on Aging (KDOA) provided seniors an opportunity to express their greatest concerns in a statewide survey. The cost of prescription drugs rated number one with 6,495 of the 8,778 (76.8%) respondents identifying this as their primary concern. Research has shown that necessary use of pharmaceuticals improves the health of seniors.

The Kansas Legislature has made a significant effort in supporting a pharmacy benefit to low-income seniors by funding the Senior Pharmacy Assistance Program with \$1.2 million in the current fiscal year. The Department on Aging administers the Senior Pharmacy Assistance Program. The first round of this program has already benefited over 1,000 Kansas seniors and the second round will benefit approximately 1,500 seniors before the end of this fiscal year.

I do support the philosophy of increasing the pharmacy program for seniors in Kansas.

If the legislation is passed, the Department will definitely work with the Department of Social and Rehabilitation Services to apply for a Medicaid 1115 Research and Demonstration Waiver to the Centers for Medicare and Medicaid (CMS). The approval and funding of this waiver would allow KDOA to fund the Senior Pharmacy Plus Program. From the time the legislation is passed to the actual implementation date of a waiver program, it will take a minimum of six months.

In structuring a waiver request, the Departments will need to balance both the desire to limit the scope of the pharmacy program to \$20 million (all funds) and also convince CMS to approve the waiver request. The waiver must be cost-effective and budget neutral. Senate Bill 656 clarifies that the Secretary of Aging could adjust eligibility requirements, co-payments, and maximum benefits in order to keep the program within appropriations. In addition, the Department might also consider limiting the scope of drugs that are available to seniors under this program.

The Senior Pharmacy Plus Program would be administered by the Secretary of Aging, while the financial eligibility and claims processing would be administered by SRS. This new pharmacy program could be established as a separate, stand-alone program or melded into current SRS program infrastructures.

Establishing a separate stand-alone program would probably be more acceptable to Kansas seniors, but would likely increase the administrative burden at both KDOA and SRS. While utilizing the current structure would save in administrative burden, it may lead to unwanted consequences in other programs. As an example, if we use Qualified Medicare Beneficiary (QMB) and Low-Income Medicare Beneficiary (LMB) programs to establish eligibility for the Pharmacy Plus Program it may generate increased interest in those programs, ultimately costing the state more money in that area.

The following chart outlines the similarities and differences between the current Senior Pharmacy Assistance Program and Senate Bill 656 Senior Pharmacy Plus Program.

Senior Pharmacy Assistance Program	Senior Pharmacy Plus Program
67 years of age or older	65 years of age or older
Not qualified for any other local, state, or federal pharmacy program	Not qualified for any other local, state, or federal pharmacy program
Up to 150% of poverty	Up to 200% of poverty
30% co-payment by applicant	Co-payment to be set by Secretary
Reimbursement of pharmacy costs	Pre-payment of pharmacy costs
Not covered under any private insurance for pharmacy costs	Not covered under any private insurance for pharmacy costs
Not canceled pharmacy coverage within last six months	Not canceled pharmacy coverage within last six months
\$1200 maximum annual benefit	Maximum benefits to be established by Secretary

As outlined in Senate Bill 656, KDOA will continue to manage the current Senior Pharmacy Assistance Program until the new Senior Pharmacy Plus Act has been in operation for 60 days.

The Department on Aging clearly supports increasing seniors' ability to obtain the medications necessary to maintain healthy aging, however, the funding mechanism described in SB 656 provides some concern. I cannot support financing a new pharmacy program if the result of that program is a reduction of services provided through the HCBS/FE waiver. In short, my first priority is to maintain the state's obligation to its current programs before expanding services to new ones.

Mr. Chairman and members of the committee, thank you for the opportunity to testify on Senate Bill 656 regarding the Senior Pharmacy Plus Program. I will now stand for questions.

Kansas Department of Social and Rehabilitation
Services

Janet Schalansky, Secretary



Docking State Office Building
915 SW Harrison, 6th Floor North
Topeka, Kansas 66612-1570

for additional information, contact:

Operations
Diane Duffy, Deputy Secretary

Office of Budget
J.G. Scott, Director

Office of Planning and Policy Coordination
Trudy Racine, Director

phone: 785.296.3271 *fax:* 785.296.4685

Senate Ways and Means Committee, Room 123-S
April 9, 2002 at 11:00 a.m.

Senate Bill 656 - Senior Pharmacy Plus Act

Health Care Policy
Janet Schalansky, Secretary
785.296.3271

Senate Ways and Means
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Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary

Senate Ways and Means Committee, Room 123-S
April 9, 2002 at 11:00 a.m.

Senate Bill 656 - Senior Pharmacy Plus Act

Chairman Morris and members of the Committee, thank you for the opportunity to appear before you today in regard to Senate Bill 656.

Persons over the age of sixty five have been significantly impacted by the sharp rise in pharmaceuticals costs. Senate Bill 656 is a positive step towards addressing the problems this group faces who are on fixed incomes and live near, at or below the poverty level. SRS is committed to working with the Department On Aging (KDOA) to implement a Senior Plus Act, if this bill is enacted.

The Center for Medicare and Medicaid Service (CMS) has indicated a new willingness to work with states to create expansions of the Medicaid program to include a senior pharmacy program similar to the one approved in Illinois. The Secretary of Health and Human Services announced recently that CMS was preparing to release a template for these pharmacy expansions. Thus far, CMS has been unable to tell us when we might expect to receive this template. As a consequence, we are not able to provide detailed information regarding how such a program would be implemented.

What I can tell you is that all waivers must meet a budget neutrality test in order to receive approval from CMS. This implies that we will need to demonstrate that creation of a senior pharmacy program will not cost more to implement than our current Medicaid program. In order to meet this budget neutrality test we will, therefore, need to achieve savings in other areas of the Medicaid budget.

In addition we will need to craft a program that, although will be managed by KDOA, relies on the SRS infrastructure for administration of the program. A critical question remains as to whether the senior pharmacy plus program would be an add-on benefit to individuals already receiving partial medicaid support, known as the dually eligible (Medicaid and Medicare eligible) or create a separate category of beneficiaries who would be eligible for a pharmacy benefit only, similar to the Illinois program.

Finally, a preliminary analysis of the number of persons likely to be eligible for the program if federal poverty level is the determining factor suggests that even at 100% of poverty the potential costs of such a program if not managed would be well over the \$20,000,000. Management of the program could include a combination of the following:

- (1) A cap on the number of beneficiaries enrolled, regardless of eligibility, allowed under a waiver.
- (2) Development of a restricted formulary, similar to the current senior pharmacy program which provides reimbursement for maintenance drugs.
- (3) A cap on the amount paid per beneficiary, again similar to the current program.
- (4) Increased beneficiary co-pay and deductible to be used to offset state match.

Thank you for this opportunity to appear before you. I would be happy to respond to any questions from the committee.

Testimony to the Senate Ways and Means Committee

On Senate Bill 656

April 9, 2002

Presented by

Julie Govert Walter on behalf of

The Kansas Area Agencies on Aging Association

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Attachment 4

**Testimony to Senate Ways and Means Committee
SB 656 - Senior Pharmacy Plus Act**

Tuesday, April 9, 2002

Kansas Area Agencies on Aging Association
Julie Govert Walter, conferee

Good morning. My name is Julie Govert Walter. I am an Area Agency on Aging Director from Manhattan providing testimony today on behalf of the Kansas Area Agency on Aging Association. Thank you for the opportunity to speak with you today. The Kansas Area Agency on Aging Association appreciates your willingness to address this critical issue of pharmacy assistance to seniors.

Area agencies on aging in Kansas see first-hand the challenges faced by seniors who have exorbitant prescription expenses. Every day we counsel clients who have as many as 18 medications prescribed to them. We are involved with scores of seniors who have to choose between prescriptions or rent or groceries. We know many seniors who take half dosages of their prescriptions in order to stretch their dollars.

We whole-heartedly support the concept of an enhanced prescription assistance program for Kansas seniors. However we are unable to endorse its passage because of the proposed funding mechanism. We know that Intergovernmental Transfer monies you are discussing today are limited and are going to be diminishing and disappearing altogether in a matter of months. We also know that during the past two years, the legislature has used millions of these funds to support major programs in the Department on Aging. We are aware that Intergovernmental Transfer monies have successfully supplanted state general funds which were formerly available for services administered by KDOA.

You have all heard the fable of the grasshopper and the ant. I'm sure you remember how the ant worked feverishly throughout the spring, summer and fall storing up provisions and making improvements to the anthill. And you also remember how the grasshopper spent his time—

living off what was available for him. Giving nary a nod to the time when his needs exceeded resources available.

Yes, emphatically, Area Agencies on Aging would really like to see an expansion of the prescription drug program! Yet, our propensity to think about the future and our concern for continued funding of current services we know help the most vulnerable older Kansans and which also save taxpayers dollars cause us to stop and wonder:

- We wonder if starting a new program with these monies will have a detrimental impact on current customers who rely on other services—services like the Home and Community Based Services waiver—for example. We are aware that most of the required match needed by KDOA for this service and others currently comes from the Intergovernmental Transfer.
- We wonder if it is prudent to create a new program with “temporary funding” during a year when we aren’t yet certain that we can sustain the current essential services for the most vulnerable older Kansans. If these services are not funded how can we provide quality services for vulnerable seniors and keep saving taxpayer money by preventing pre-mature admission into nursing facilities?
- We wonder if you, as legislators, before allocating Intergovernmental Transfer monies for a new prescription drug program, would give priority to using these monies to fund existing programs? Are you willing to provide us enough funds so that we won’t have to tell your Medicaid-eligible neighbor that she’ll have to “wait a few months” for in-home services because there is not enough state money available to match the federal money? If not, what answer will you have after she has entered the nursing home and her home and belongings have been sold?
- We wonder if you have reviewed a detailed analysis on how the Intergovernmental Transfer monies are being spent now? If so, what plans are you putting in place this year to ensure that State General revenue monies are going to be available for essential services

for seniors next year and the years beyond? I'm talking about those years ahead of us when the Senior Trust Fund is defunct because the principal was used to bail our state out of the spending holes during the last three years? Years when there are no Intergovernmental Transfer monies coming to Kansas from Washington because of changes in federal policy?

- We wonder if consideration has been given to invent ways to create a "safe haven" for at least a portion of the principle of the Senior Trust Fund?

The 2000 Legislature had the foresight to create The Senior Trust Fund. The prudent concept incorporated at the Fund's inception was to use interest payments to support programs for seniors. Knowing that the demographics show that Kansas will have an increasing need for senior services in our future, this was a very wise thing to do.

To allocate the principle of this trust fund for a short-term program appears to be stepping backward. Although we understand the tight fiscal situation of our state, we believe that in making this decision, prudence demands attention to demographics. Those age 85 and over are our fastest growing population group—and the aging pace of our state is only going to accelerate. Our professional role is to help you as decision makers take a good look at the reality of our state's aging future. The question that comes to mind is: what is to be gained by eliminating the core funds that will be even more necessary if we are to fulfill our future commitment to our most vulnerable elders? Will legislators dealing with the needs of the aged be sitting in hearings like this one--two or ten or twenty years from now rue your decisions or celebrate them?

I don't know the answer to this question. I do know that in 2000, the Legislature made a promise to seniors when it created the Senior Trust Fund - a promise of fiscal responsibility and integrity. A promise of funds set aside to indefinitely address senior concerns. A promise that seniors could trust that legislators saw their needs – *all* of their needs.

With apologies to the writers of the t.v. classic *Kung Fu*: “*Yes, Grasshopper, an expanded pharmacy program for older Kansans is needed.*” There’s really no doubt about this! And if you make the decision to fund this program today, the Area Agencies on Aging and the Department on Aging would fully utilize existing networks and delivery systems to deliver this important service to older Kansans in an excellent way.

Yet, we wonder-- is it wise to start a new program this year when we are still unsure about funding for the Senior Care Act? In the month when a waiting list for HCBS Frail Elderly waiver services will begin? At a time when in-home service providers face more uncertainty and budget challenges than ever even as they struggle with formidable workforce issues?

Would it be better to work diligently to remain true to the principles of the original intent of the Senior Trust Fund legislation? Is there a way to secure the core resources that remain in the Senior Trust Fund so that decisions affecting the lives of vulnerable older friends and neighbors will be easier in the years ahead?

Thank you for your attention. Thank you, also, for your appreciation of the significance of prescription assistance for the seniors of Kansas.

Julie Govert Walter

785-776-9294

Maria Russo, President

Kansas Area Agency on Aging Association

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**Testimony before Senate Ways and Means Committee
April 9, 2002
Ernest Kutzley
Associate State Director/Advocacy**

Good morning Senator Morris members of the Senate Ways and Means Committee. My name is Ernest Kutzley and I am the Associate State Director of Advocacy for AARP Kansas, which represents the views of our 350,000 plus members in the state of Kansas. AARP is the nation's leading organization for people age 50 and older. It serves their needs and interests through information and education, advocacy and community services provided by a network of local chapters and experienced volunteers throughout the state and country. Thank you for this opportunity to express our views in *support* of Senate Bill 656.

Modern medicine increasingly relies on drug therapies. Yet the benefits of prescription drugs elude more beneficiaries every day. Drug costs continue to rise unabated. The rising cost of prescription drugs is a problem for many older Americans. Older persons typically need more medication than their younger counterparts, prescription drug costs are rising faster than other health care costs, and nearly one-third of Medicare beneficiaries lack any prescription drug coverage. The fact that those without coverage pay the highest prices for prescription drugs exacerbates the situation. Notably, in 1998, beneficiaries without coverage filled 31 percent fewer prescriptions than those with coverage, but spent 45 percent more out-of-pocket.

The poor elderly and the working poor of Kansas need help with the high cost of prescription drugs. Those people in Kansas who can least afford to pay for their drugs are those least likely to have prescription drug coverage. Many of those beneficiaries who obtain coverage from individually purchased supplemental plans still incur substantial out-of-pocket drug costs.

In a 2001 membership survey, 89% of Kansas AARP members stated that health care issues were a high priority. These issues included remaining independent in their homes and communities and assistance for low-income and elderly. Is it possible to maintain health and independence when faced with daily choices between the rising costs of prescription drugs, food, shelter and utilities?

While the federal government considers a prescription drug benefit under the Medicare program, many states are exploring ways to provide prescription drug benefits to their low-income populations. States hope that access to prescription medication will improve the health care status of covered population and reduce their overall medical cost. Though it is well known that pharmacy costs are one of the primary factors contributing to rising Medicaid expenditures, it is unknown what those expenditures would be, and what additional cost states would incur, without a pharmacy benefit.

Although research on the relative cost and quality of pharmaceutical therapy is in its infancy, preliminary research has shown that when people have access to pharmaceutical therapy, and utilize medications appropriately, other health care expenditures can be reduced. Drug therapy for certain diseases can help reduce long-term care cost by reducing the number of surgeries and hospitalizations and the length of hospital stays.

The 2000 Kansas Legislature passed a Pharmacy Assistance Plan--a very limited plan. We believe that the number of Kansans that could benefit from the program was limited due to the diversion of intergovernmental transfer dollars from the Seniors Trust Fund to other agency programs to offset budget deficits during the 2001 session. The plan's reimbursement rate of 70% of out-of-pocket prescription drug costs also restricted opportunities for usage for low-income individuals.

The State of Illinois has recently been successful in creating a Medicaid waiver program that they expect to last for five years. The expectations of this program are to lower overall health cost for low-income seniors by giving them access to therapeutic drugs. The waiver should provide coverage to a greater number of elderly residents and reduce the need for acute and long-term care services.

We recognize that budget constraints are greater this year than ever before, however we believe that the situation facing older and disabled persons in Kansas, who cannot afford the prescription drugs they need, constitutes a health care and financial emergency that cannot continue to be ignored.

Therefore AARP supports efforts to make prescription drugs more affordable and available to Kansans by using Medicaid waiver programs. While AARP continues to encourage legislators to maintain the balance of the intergovernmental transfer funds in the Seniors Trust Fund to fund state Rx programs, we are encouraged that the Senior Pharmacy Plus program will broaden the base and increase the number of those served by the Seniors Pharmacy Assistance Program as passed by the 2000 Kansas Legislature.

Thank you for your support of this legislation and for this opportunity to express our *support* of Senate Bill 656.

April 8, 2002

New Sec. __. During the fiscal year ending June 30, 2003, the amount of expenditures by each state agency from the state general fund or any special revenue fund for any information technology bonuses paid under the mission critical skills bonus component of executive directive 97-241 shall be limited to 50% of the amount of expenditures during the fiscal year ending June 30, 2001 by that state agency for such mission critical skills bonus payments from any moneys appropriated for that state agency.

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Attachment 6

Longevity Bonuses Paid in FY 2001

Department Name	Bonus Amount
Board of Accountancy	\$480.00
Adjutant General	\$15,960.00
Department on Aging	\$50,800.00
Kansas Dept of Agriculture	\$119,440.00
Animal Health Department	\$7,760.00
Kansas Human Rights Commission	\$11,760.00
Attorney General	\$16,400.00
Atny Gen-Ks Bureau of Invstgtn	\$81,360.00
Banking Department	\$19,880.00
State Board of Healing Arts	\$7,280.00
Citizens Utility Ratepayer Bd	\$1,000.00
Corporation Commission	\$60,760.00
Corrections Ombudsman	\$720.00
Board of Cosmetology	\$3,200.00
Department of Credit Unions	\$6,160.00
Dental Board	\$1,000.00
Dept of Admin-Div of Printing	\$46,000.00
Department of Administration	\$300,720.00
Ks Development Finance Dept.	\$560.00
Ellsworth Correctional Fclty	\$45,400.00
El Dorado Correctional Fclty	\$52,600.00
Board of Mortuary Arts	\$1,200.00
Emergency Medical Services	\$4,120.00
Fire Marshal	\$15,440.00
Dept of Health & Environment	\$302,080.00
Hlth Care Stabilization Fund B	\$3,200.00
Department of Transportation	\$1,300,360.00
Highway Patrol	\$306,280.00
State Historical Society	\$58,000.00
Department of Human Resources	\$402,400.00
Department of Commerce & Housing	\$32,960.00
Hutchinson Correctional Fclty	\$145,360.00
Topeka Juvenile Correct.Facil.	\$84,080.00
Beloit Juvenile Correct.Facil.	\$32,720.00
Indigents Defense Svcs St Bd	\$10,160.00
Insurance Department	\$44,240.00
Judicial Council	\$1,520.00
Juvenile Justice Authority	\$6,560.00
Atchison Juvenile Correct.Fac.	\$40,160.00
Kansas Arts Commission	\$2,000.00
Kansas Neurological Institute	\$226,640.00
Ks Pblc Employees Retirmnt Sys	\$27,680.00
Kansas State Fair Board	\$5,400.00
Lansing Correctional Facility	\$210,880.00
Larned Corr Mental Hlth Fclty	\$29,080.00
Larned State Hospital	\$276,840.00
Larned Juvenile Correct.Facil.	\$26,440.00
Legislative Coordinating Cncl	\$4,120.00
Legislative Research Dept	\$19,040.00
Legislature	\$480.00
State Library	\$9,360.00
The Kansas Lottery	\$18,080.00
Board of Nursing	\$5,880.00
Osawatomie State Hospital	\$160,760.00
Parsons St Hosp & Trng Center	\$188,320.00
Department of Corrections	\$83,360.00

Longevity Bonuses Paid in FY 2001

Department Name	Bonus Amount
Corrections Dept-Corrtnl Indus	\$25,000.00
Board of Pharmacy	\$480.00
Post Audit Legislative Div	\$7,240.00
Real Estate Appraisal Board	\$1,200.00
Real Estate Commission	\$2,160.00
Kansas Racing Commission	\$11,760.00
Rainbow Mental Health Facility	\$37,640.00
Board of Regents	\$5,280.00
Board of Tax Appeals	\$5,640.00
Department of Revenue	\$468,400.00
Revisor of Statutes	\$14,440.00
Norton Correctional Facility	\$64,840.00
School for the Blind	\$11,560.00
School for the Deaf	\$16,160.00
Securities Comm of Kansas	\$7,240.00
Dept of Social & Rehab Svcs	\$1,448,480.00
Conservation Commission	\$3,200.00
Department of Education	\$58,440.00
Topeka Correctional Facility	\$101,600.00
Technical Professions St Bd	\$760.00
State Treasurer	\$7,440.00
Pooled Money Investment Board	\$1,960.00
Unified Judicial Department	\$522,800.00
Veterans Commission	\$69,640.00
Kansas Water Office	\$11,800.00
Ks Dept of Wildlife and Parks	\$186,880.00
Winfield Correctional Facility	\$58,160.00
GRAND TOTAL	\$8,084,640.00

SOURCE: SHARP data prepared by the Division of Personnel Services. Data excludes Regents Institutions.