Approved: February 8, 2006
Date

MINUTES OF THE HOUSE HEALTH AND HUMAN SERVICES COMMITTEE

The meeting was called to order by Chairman Jim Morrison at 1:30 p.m. on February 7, 2006, in Room 526-S of the Capitol.

All members were present except Representatives Mast and Kelley, both of whom were excused.

Committee staff present:
Melissa Calderwood, Kansas Legislative Research Department
Mary Galligan, Kansas Legislative Research Department
Renae Jefferies, Revisor of Statutes' Office
Gary Deeter, Committee Secretary

Conferees appearing before the committee:
Dan Bellingham, Healthcare Distribution Management Association
Nancy Zogleman, Director, Government Relations, Pfizer

Others attending:
See attached list (not available on electronic copy).

Staff Mary Galligan briefed the committee on the similarities and differences between **HB 2397** and **HB 2820**. (Attachment 1) She noted variations in the definitions—the definition of wholesaler includes manufacturers in the former, but is excluded in the latter. She stated that section three identifies the main focus of the bills; both require that a wholesale distributor be licensed, not merely registered. She identified several differences in the bills: **HB 2820** requires information only on the designated representative, whereas **HB 2397** requires information on the representative and on other staff members; **HB 2820** requires the Board of Pharmacy to physically inspect premises of the wholesaler, but not so **HB 2397**; the bond differs in each bill; **HB 2397** requires a licensee to pass a test, but **HB 2820** does not. She commented on several discrepancies: the need to specify the length of time a license is valid, a clarification if background checks are required before a wholesaler is licensed, the conditions required for a wholesaler to receive drugs from a pharmacy, a delineation of how the distribution of a drug is to be halted, and what information can be disclosed. She concluded by noting that **HB 2820** does not address what percent of inventory must be sold to pharmacies; **HB 2397** requires 95% of inventory to be sold to pharmacies, adding that criminal penalty levels also differ between the two bills.

The Chair opened the hearing on **HB 2397**.

Dan Bellingham, Healthcare Distribution Management Association, spoke as a proponent. (Attachment 2) He gave background on his association and commented on issues of concern regarding **HB 2397**, recommending changes regarding the definition "normal distribution channel" and the licensing requirements of the designated representative, suggesting that the

latter delete the examination requirement. He stated that he opposes the requirement of 95% of sales to a pharmacy and the penalties mandated by the bill.

Answering a question, he said both bills (**HB 2397** and **HB 2820)** create distribution problems for wholesalers.

Nancy Zogleman, Director, Government Relations, Pfizer, spoke as an opponent to the bill. (Attachment 3) She explained that a counterfeit Lipitor drug sold in the Kansas City market three years ago illustrates the problem of a faulty distribution system, which the bill addresses. She commented that although the top three wholesalers account for 90% of the drug distribution in the United State, there are thousands of registered wholesalers, a fact which creates a large secondary market. Through unscrupulous wholesalers, counterfeit drugs enter the market, not only creating a danger to the public from unregulated drugs, but also, if a drug must be withdrawn from the market, absence of that drug can endanger many consumers whose health may depend on that drug. She recommended strict licensing requirements for wholesalers, a pedigree or paper trail for each drug, and increased penalties for violators. She said that legislation was rapidly evolving, and she recommended **HB 2820** as a better bill that **HB 2397**.

Answering questions, Ms. Zogleman said after Pfizer turns a drug over to a wholesaler, the companies loses control of the product, commenting that the rationale of either bill is protection of the public. She replied that federal legislation usually is created after a number of states have addressed an issue.

Representative Hill commented that the bill appears to be a wise move toward protecting the public, but he expressed concern about the fiscal cost and wondered about unintended consequences. Ms. Zogleman replied that presently wholesalers are paying a $300 fee, but that statutorily the ceiling is $500. She said many states are enacting or considering similar license requirements for drug wholesalers.

The Chair closed the hearing and announced that the committee would work the bill(s) after turnaround.

A fiscal note was included. (Attachment 4)

Staff Melissa Calderwood briefed the committee on **HB 2452**. She said that the bill creates a new law and amends current law to create a central registry for all licensed nurses and mental health technicians who have resigned or been terminated from employment, the registry being made available to health-care providers who employ licensed nurses or licensed mental health technicians. All health-care providers are required to submit names of such persons, including details relating to the resignation or termination, to a Board Administrator. The nurse or technician is allowed to submit a written response in the report. The board and its officers are immune from civil liability for information in the report; however, employees are not allowed to disclose any further information gained from the registry. A fiscal note was included. (Attachment 5)

Staff Mary Galligan reviewed **HB 2497**, commenting that the bill amended existing law,

imposing certain restrictions as to who can work at or live or volunteer at certain child-care facilities. The bill allows the secretary of the Kansas Department of Health and Environment to have access to background information regarding those employees, volunteers, or residents. Placement agency staff who are responsible for this information are required under criminal penalties to keep the information confidential. A fiscal note was included in the briefing. (Attachment 6)

The minutes for the February 6, 2006, meeting were approved.

The meeting was adjourned at 2:38 p.m. The next meeting is scheduled for Wednesday, February 8, 2006.

HOUSE HEALTH AND HUMAN SERVICES COMMITTEE
GUEST LIST

DATE: February 7 2006

NAME	REPRESENTING
Brooke Shepherd	ESU, NDN
Suzy Noll	ESU-NDN
Jennifer Barber	ESU-NDN
Jaime Nelson	ESU-NDN
Janya Knowles	ESU-NDN
Megan Lewis	ESU-NDN
Kelli McCauley	KVC Behavioral Healthcare
Steve Solomon	TFI Family Services
Joely Ross	NDN-ESU
Jennifer Conroy	ESU-NDN
Tara Berger	ESU-NDN
Daniel Bellingham	HOMA
Marla Rhoden	KDHE
Susan Zalenski	J+J
Nathan Weinert	Rep. Trimmer
Paul Poister	PhRMA
Nancy Zagleman	Pfizer
Lannie Ann Lower	KAHP
Mike Hoar	Youthville

HOUSE HEALTH AND HUMAN SERVICES COMMITTEE
GUEST LIST

DATE: 2-7-06

Page Two

NAME	REPRESENTING
FRED Lucky	KHA

Comparison of House Bills 2397 and 2820

February 7, 2006 (8:57am)

Material in black is the same in both bills.

Material in blue is found in 2397, but not in 2820.

Material in red is found in 2820, but not in 2397.

Material in green is KLRD staff notes.

Session of 2005~~6~~

HOUSE BILL No. ~~2397~~2820

By Committee on Appropriations
2-~~9~~3

AN ACT concerning distribution of certain prescription drugs; enacting the wholesale licensure and prescription medication integrity act.

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

Section 1. Sections 1 through ~~7~~8, and amendments thereto, shall be known and may be cited as the ''wholesale licensure and prescription medication integrity act''.

Sec. 2. As used in the wholesale licensure and prescription medication integrity act:

(a) ''Authentication'' means to affirmatively verify before any ~~distribution~~wholesale distribution of a prescription drug occurs that each transaction listed on the pedigree has occurred.

For ease of reading, may want to include a definition of "board" as the State Board of Pharmacy.

(b) ''Chain pharmacy warehouse'' means a physical location for drugs or devices, or both, that acts as a central warehouse and performs intra23 company sales or transfers of the drugs or devices to a group of chain pharmacies that have the same common ownership and control.

(c) ''Facility'' means a facility of a wholesale distributor where prescription drugs are stored, handled, repackaged or offered for sale.

~~(c) ''Immediate family'' shall include a person's spouse, children, parents, siblings, the spouses of a person's children and the spouses of a person's siblings.~~

(d) ''Normal distribution channel'' means a chain of custody for a medication that goes from a manufacturer to a ~~wholesaler to a pharmacy~~ wholesale distributor to a pharmacy to a patient or a chain of custody for a medication that goes from a manufacturer to a wholesale distributor to a chain pharmacy ware31 house to their intracompany pharmacy to a patient.

(e) ''Pedigree'' means a document or electronic file containing information that records each distribution of any given prescription drug~~, from sale by a pharmaceutical manufacturer, through acquisition and sale by any wholesale distributor or repackager, until final sale to a pharmacy or other person dispensing or administering the prescription drug.~~ within the distribution channel.

(f) ''Prescription drug'' means any drug, including any biological product, except for blood and blood components intended for transfusion or biological products that are also medical devices, required by federal law, or federal regulations, to be dispensed only by a prescription, including finished dosage forms and bulk drug substances subject to section

Attachment 1
HHS 2-7-06

503(b) of the federal food, drug and cosmetic act (FFDCA).
(g) ''Repackage'' means repackaging or otherwise changing the container, wrapper or labeling to further the distribution of a prescription drug excluding that completed by the pharmacists responsible for dispensing product to the patient.

(h) ''Repackager'' means a person who repackages.
(i) ''Wholesale distributor'' means anyone engaged in the wholesale distribution of prescription drugs, including, but not limited to, ~~manufacturers unless specified otherwise;~~ repackagers; own-label distributors; private-label distributors; jobbers; brokers; warehouses, including manufacturers' and distributors' warehouses~~; chain drug warehouses~~, and ~~wholesale drug warehouses~~drug wholesalers or distributors; independent wholesale drug traders; ~~and retail pharmacies~~retail pharmacies that conduct wholesale distribution; and chain pharmacy warehouses that conduct wholesale distribution.

Manufacturers would generally be exempt from licensure (See also sec. 3). Other categories of wholsalers would be specifically included in the definition.

(j) ''Wholesale distribution'' shall not include:
(1) Intracompany sales of prescription drugs, meaning any transaction or transfer between any division, subsidiary, parent or affiliated or related company under common ownership and control of a corporate entity;
(2) the sale, purchase, distribution, trade or transfer of a prescription drug or offer to sell, purchase, distribute, trade or transfer a prescription drug for emergency medical reasons;
(3) the distribution of prescription drug samples by manufacturers' representatives;
(4) drug returns, when conducted by a hospital, health care entity or charitable institution in accordance with 21 C.F.R. § 203.23;
(5) the sale of minimal quantities of prescription drugs by a retail pharmacies to licensed practitioners for office use;
(6) retail pharmacies' delivery of prescription drugs to a patient or patient's agent pursuant to the lawful order of a licensed practitioner; or
(7) the sale, transfer, merger or consolidation of all or part of the business of a pharmacy or pharmacies from or with another pharmacy or pharmacies, whether accomplished as a purchase and sale of stock or business assets.
(k) ''Wholesaler'' means a person engaged in the wholesale distribution of prescription drugs.

Sec. 3. (a) ~~Every~~Each wholesale distributor ~~which~~who engages in the wholesale distribution of prescription drugs ~~in the state~~ shall be licensed by the state ~~licensing authority in the state in which it resides~~board of pharmacy and every nonresident wholesale distributor shall be licensed in ~~the~~a state if it ships prescription drugs into the~~at~~ state, in accordance with ~~the wholesale licensure and prescription medication integrity~~this act before engaging in wholesale distributions of wholesale prescription drugs ~~in the state. (b) In addition to any~~. The state board of pharmacy shall exempt manufacturers from any licensing and other

Licenses do not appear to have a set term in either bill. May need to clarify whether non-resident wholesalers are to be licensed in by the Bd. of Pharmacy.

K.S.A. 65-1643 requires registration of manufacturers, wholesalers, and a number of other entities involved in drug distribution. Neither bill reconciles with existing law.

Manufacturers might be subject to certain requirements of the licensure section pursuant to rules and regulations.

~~requirement prescribed by law, the state~~ requirements of this section, to the extent not required by federal law or regulation, unless particular requirements are deemed necessary and appropriate following rulemaking.

(b) The state board of pharmacy shall require the following minimum information from each wholesale distributor applying for a license under subsection (a) of this section ~~and: as a part of any renewal of such license:~~

Substance of information required is generally the same. May want to consistently refer to "applicants" in this subsection as it addresses wholesalers applying for a license.

(1) The name, full business address and telephone number of the ~~applicant or~~ licensee;

(2) all trade or business names used by the ~~applicant or~~ licensee;

(3) addresses, telephone numbers and the names of contact persons for all facilities used by the ~~applicant or~~ licensee for the storage, handling and distribution of prescription drugs;

(4) ~~T~~the type of ownership or operation, including, but not limited to, partnership, corporation or sole proprietorship;

(5) ~~T~~the name or names of the owner or operator of the licensee ~~or, applicant and related information,~~ including:

(A) If ~~an individual~~a person, the name of the ~~individual~~person;

(B) if a partnership, the name of each partner and the name of the partnership;

(C) if a corporation, the name and title of each corporate officer and director, the corporate names and the state of incorporation; and

(D) if a sole proprietorship, the full name of the sole proprietor and the name of the business entity;

(6) a list of all licenses and permits issued to the applicant ~~or licensee~~by any ~~by any~~ other state that authorizes the applicant ~~or licensee~~ to purchase or possess prescription drugs;

2820 would only require applicants to provide information regarding the designated representative. 2397 would have required submission of information for more of the applicant's staff.

(7) the name of the ~~manager of the facility that is applying for the initial license or to renew the license, the next four highest ranking employees responsible for prescription drug wholesale operations for the facility, and the name of all affiliated parties~~applicant's designated representative for the facility, together with ~~the personal information statement required pursuant to subsection (b)(9) of this section and fingerprints for each of such persons; (8) the name of the designated representative of the applicant or licensee for the facility and~~ the personal information statement and fingerprints, required pursuant to subparagraph (8) of subsection (b)~~(9)~~ of this section ~~and fingerprints~~ for such person; and

~~(9) the following information for each person described in paragraph (b)(7) or (b)(8) of this section required~~8) each person required by subparagraph (7) of subsection (c) of this section to provide a personal information statement and fingerprints shall provide the following information to the state:

(A) The person's places of residence for the past seven years;

(B) the person's date and place of birth;

(C) the person's occupations, positions of employment and offices held during the past seven years;
(D) the principal business and address of any business, corporation or other organization in which each such office of the person was held or in which each such occupation or position of employment was ~~held~~carried on;
(E) whether the person has been, during the past seven years, the subject of any proceeding for the revocation of any license or any criminal violation and, if so, the nature of the proceeding and the disposition of the proceeding;
(F) whether, during the past seven years, the person has been enjoined, either temporarily or permanently, by a court of competent jurisdiction from violating any federal or state law regulating the possession, control or distribution of prescription drugs or criminal violations, together with details concerning any such event;
(G) a description of any involvement by the person with any business, including any investments, other than the ownership of stock in a publicly traded company or mutual fund, during the past seven years, which manufactured, administered, prescribed, distributed or stored pharmaceutical products and any lawsuits in which such businesses were named as a party;
(H) a description of any misdemeanor or felony criminal offense of which the person, as an adult, was found guilty, regardless of whether adjudication of guilt was withheld or whether the person pled guilty or nolo contendere. If the person indicates that a criminal conviction is under appeal and submits a copy of the notice of appeal of that criminal offense, the applicant ~~or licensee~~ must, within 15 days after the disposition of the appeal, submit to the state board of pharmacy a copy of the final written order of disposition; and
(I) ~~A~~a photograph of the person taken in the previous 30 days.

(c) The information required pursuant to subsection (b) of this section shall be provided under oath.
(d) The ~~board of pharmacy~~state shall not issue ~~or renew~~ a wholesale distributor license of an applicant ~~or licensee~~, unless the state ~~board of pharmacy~~:

2820 would not specify the Board of Pharmacy as the entity responsible for inspections and determination of qualifications for licensure.

(1) Conducts a physical inspection of the facility at the address provided by the applicant as required in subsection (b) of section 3 of this section; and
(2) determines that the designated representative meets the following qualifications:
(~~1~~A) Is at least 21 years of age;
(~~2~~B) has been employed full time for at least three years in a pharmacy or with a wholesale distributor in a capacity related to the dispensing and

distribution of and recordkeeping relating to prescription drugs;
(~~3~~C) has received a score of 75% or more on an examination given by the state board of pharmacy regarding federal and state laws governing wholesale distribution of prescription drugs. ~~A designated representative who has previously served in such capacity shall retake the state examination each time a licensee lists the person as the designated representative in an application for license renewal;~~

2397 would require testing upon license renewal

(~~4~~D) is employed by the applicant full time in a managerial level position;
(~~5~~E) is actively involved in and aware of the actual daily operation of the wholesale distributor;
(~~6~~F) is physically present at the facility of the applicant during regular business hours, except when the absence of the designated representative is authorized, including, but not limited to, sick leave and vacation leave;
(~~7~~G) is serving in the capacity of a designated representative for only one applicant ~~or licensee~~ at a time;
(~~8~~H) does not have any convictions under any federal, state or local laws relating to wholesale or retail prescription drug distribution or distribution of controlled substances; and
(~~9~~I) does not have any felony convictions under federal, state~~,~~ or local laws.

Appears that a criminal record check would only be conducted upon initial license application.

(e) The state ~~board of pharmacy~~ shall submit the fingerprints provided by a person with ~~an initial or a renewal~~a license application for a statewide criminal ~~history~~ record check and forforwarding to the federal bureau of investigation ~~for~~to conduct a national criminal ~~history~~ record check of the person.

2820 specifies the amount of the required bond.

(f) The state board of pharmacy shall require every wholesale distributor applying for ~~a new license or the renewal of~~ a license to submit a bond ~~in an amount determined by the state board of~~ pharmacyat least $100,000, or other equivalent means of security acceptable to the state ~~board of pharmacy~~, such as an irrevocable letter of credit or a deposit in a trust account or financial institution, payable to ~~the drug wholesaler trust~~a fund established by the state, pursuant to subsection (g) of this section. The purpose of the bond is to secure payment of any fines or penalties imposed by the state ~~board of pharmacy~~ and any fees and costs incurred by the state ~~board of pharmacy~~ regarding ~~that~~ such license, which are authorized under ~~the wholesale licensure~~state law and ~~prescription medication integrity act and~~ which the licensee fails to pay 30 days after the fines, penalties or costs become final. The state ~~board of pharmacy~~ may make a claim against such bond or security until one year after the licensee's license ceases to be valid.

2820 would not specify name of the fund that would hold the bond/ security.

2820 would specify that a single bond would cover all of an applicant's facilities. Each facility would be required to be separately licensed (see (h), below).

The bond shall cover all facilities operated by the applicant in the state.
(g) There is hereby created in the state treasury the drug wholesaler trust fund. The executive secretary of the state board of pharmacy shall administer the fund. Proceeds from the bond prescribed by subsection (f) of this section shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto.

Upon receipt of each such remittance the state treasurer shall deposit the entire amount in the state treasury to the credit of the drug wholesaler trust fund. Moneys in the drug wholesaler trust fund may be expended for the purposes prescribed in subsection (~~h~~f) of this section. All expenditures from the drug wholesaler trust fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the executive secretary of the state board of pharmacy.

Neither bill addresses facilities licenses other than requiring each facility to be licensed.

(h) If a wholesale distributor distributes prescription drugs from more than one facility, the wholesale distributor shall obtain a license for each facility.

Information required for licensure under the act would have to be updated annually. It appears that the license would not expire annually. May want to clarify whether background checks would be conducted subsequent to initial licensure.

(i) Every calendar year, the state board of pharmacy shall send to each wholesale distributor licensed under this section a form setting forth the information that the wholesale distributor provided pursuant to subsection (b) of this section. Within 30 days of receiving such form, the wholesale distributor must identify and state under oath to the state board of pharmacy all changes or corrections to the information that were provided pursuant to subsection (b) of this section. Changes in, or corrections to, any information in subsection (b) of this section shall be submitted to the state board of pharmacy as required by such board. ~~Sec. 4. (a) On and after the effective date of this act, in any calendar month,~~The state board of pharmacy may suspend or revoke the license of a wholesale distributor ~~shall sell, distribute, transfer or otherwise sell at least 95% of its total amount~~if such board determines that the wholesale distributor no longer qualifies for the license issued under this section.

2820 would impose a continuing education requirement on licensed designated representatives.

(j) The designated representative identified pursuant to subsection (b)(7) of section 3 of this act must complete continuing education programs as required by the state board of pharmacy regarding federal and state laws governing wholesale distribution of prescription drugs~~to a pharmacy or other person dispensing or administering the drug. (b)~~.

2820 would limit disclosure of certain license information without addressing the Kansas Open Records Act.

(k) Information provided under this section of this act shall not be disclosed to any person or entity other than a state board of pharmacy, government board or government agency provided such board or other state or federal agency needs such information for licensing or monitoring purposes.

Sec. 4. (a) A wholesale distributor shall ~~not purchase or otherwise receive a prescription drug from a pharmacy, except that a wholesale distributor may receive a prescription drug from a pharmacy if the~~receive prescription drug ~~was originally purchased by the pharmacy from the wholesale distributor. (c) A wholesale distributor which meets the exception in subsection (b) shall not: (1) Receive~~returns or exchanges from a pharmacy ~~an amount or quantity of a prescription drug larger than the amount or quantity that was originally sold by the wholesale distributor to the pharmacy; or (2) pay the pharmacy an amount, either in cash or credit, more than the pharmacy originally paid~~or chain pharmacy warehouse pursuant to the terms and conditions of the agreement between the wholesale distributor ~~for the prescription drug. (d~~and the pharmacy or chain pharmacy warehouse, or both, including the returns of expired, damaged and recalled

2387 would specify conditions under which a wholesale distributor could receive drugs from a pharmacy. 2820 would permit drug returns or exchanges under terms of an agreement between the wholesaler and the pharmacy.

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2820 would exempt returns made pursuant to agreements between wholesalers and pharmacies from the pedigree requirements.

pharmaceutical product to either the original manufacturer or a third party returns processor, and such returns or exchanges shall not be subject to the pedigree requirement prescribed by section 5 of this act. Wholesale distributors shall be held accountable for policing their returns process and insuring that such returns are of products manufactured by their operations, are secure and do not permit the entry of adulterated and counterfeit product.

Manufacturers would be exempt from licensure under 2820, but would be subject to these requirements governing delivery.

(b) A manufacturer or wholesale distributor shall furnish prescription drugs only to a person licensed by the ~~appropriate~~ state ~~licensing authorities~~board of pharmacy. ~~-~~Before furnishing prescription drugs to a person not known to the manufacturer or wholesale distributor, the manufacturer or wholesale distributor shall affirmatively verify that the person is legally authorized to receive the prescription drugs by contacting the ~~appropriate~~ state ~~licensing authorities~~board of pharmacy.

(~~c~~c) Prescription drugs furnished by a manufacturer or wholesale distributor shall be delivered only to the premises listed on the license, ~~provided~~except that the manufacturer or wholesale distributor may furnish prescription drugs to an authorized person or agent of that person at the premises of the manufacturer or wholesale distributor if:

(1) The identity and authorization of the recipient is properly established; and

(2) this method of receipt is employed only to meet the immediate needs of a particular patient of the authorized person.

(d) Prescription drugs may be furnished to a hospital pharmacy receiving area provided that a pharmacist or authorized receiving personnel signs, at the time of delivery, a receipt ~~stating~~showing the type and quantity of ~~such~~ the prescription drug~~, or drugs~~ so received. Any discrepancy between ~~the~~ receipt and the type and quantity of the prescription drug actually received shall be reported to the delivering manufacturer or wholesale distributor on or before the next business day after the delivery to the pharmacy receiving area.

(~~f~~e) A manufacturer or wholesale distributor shall not accept payment for, or allow the use of, a person or entity's credit to establish an account for the purchase of prescription drugs from any person other than the owner or owners or~~f~~ record, the chief executive officer or the chief financial officer listed on ~~Ihe~~the license of a person or entity legally authorized to receive prescription drugs. Any account established for the purchase of prescription drugs ~~shall~~must bear the name of the licensee.

Sec. 5. (a) Each person who is engaged in the wholesale distribution of ~~a~~ prescription ~~drug, including repackagers, but excluding the original manufacturer of the finished form~~drugs shall establish and maintain inventories and records of all transactions regarding the receipt and distribution or other disposition of the prescription ~~drug, shall provide a pedigree or electronic file identifying each sale, trade or transfer of a prescription drug when a~~drugs. These records shall include pedigrees for all prescription ~~drug~~drugs that leaves the normal distribution channel ~~and is sold, traded or transferred to any other person. If a pharmacy sells a drug to any person who is not the final consumer, the pharmacy shall provide to the person acquiring the~~.

Manufacturers would be subject to inventory and record keeping requirements under 2820.

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2820 would exempt retail pharmacies and chain pharmacy warehouses from the specific inventory and record-keeping provisions.

(1) A retail pharmacy or chain pharmacy warehouse shall comply with the requirements of this section only if the pharmacy or chain pharmacy warehouse engages in wholesale distribution of prescription drugs.

2820 would require the Board of Pharmacy to conduct a study to determine a mandated implementation date for electronic pedigrees.

(2) The state board of pharmacy shall conduct a study to be completed on or before January 1, 2007. Such report shall include consultation with manufacturers, distributors and pharmacies responsible for the sale and distribution of prescription drug ~~a pedigree identifying each sale, trade or transfer of a prescription drug. Sale, trade or transfer of a prescription drug between licensees with a common ownership or to meet emergency needs are not subject to the provisions of this section.~~ products in the state. Based on the results of the study the state board of pharmacy shall determine a mandated implementation date for electronic pedigrees. The implementation date for the mandated electronic pedigree shall be no sooner than December 31, 2007.

(b) Each person who is engaged in the wholesale distribution of a prescription drug, including repackagers, but excluding the original manufacture~~r~~ of the finished form of the prescription drug, who is in possession of a pedigree for a prescription drug and attempts to further distribute ~~such~~that prescription drug, shall affirmatively verify before any distribution of a prescription drug occurs that each transaction listed on the pedigree has occurred.

(c) The pedigree shall:

(1) Include all necessary identifying information concerning each sale in the chain of distribution of the product from the manufacturer, through acquisition and sale by any wholesale distributor or repackager, until final sale to a pharmacy or other person dispensing or administering the drug. ~~T~~At minimum, the necessary chain of distribution information shall include~~, but shall not be limited to~~:

2397 would require information and a signature on the pedigree for persons who do NOT take title of the drug.

(A) ~~The n~~Name, address, telephone number and if available, the e-mail address, of each owner of the prescription drug, and each wholesale distributor ~~who does not take title to~~of the prescription drug;

~~(B) the signature of each owner of the prescription drug and each wholesale distributor who does not take title to the prescription drug;~~

(~~C~~(B) the name and address of each location from which the product was shipped, if different from the owner's;

(~~D~~C) ~~the~~ transaction dates; and

(~~E~~D) certification that each recipient has authenticated the pedigree.

(2) ~~T~~At minimum, the pedigree shall also include~~, but shall not be limited to~~:

(A) ~~The n~~Name of the prescription drug;

(B) dosage form and strength of the prescription drug;

(C) size of the container;

2820 mentions an electronic file other than the pedigree.

(D) number of containers;

(E) lot number of the prescription drug; and

(F) name of the manufacturer of the finished dosage form.

(d) Each ~~statement~~pedigree or electronic file shall be:

May want to extend the rulemaking authority to all of Sec. 5, rather than just to subsection (e).

(1) Maintained by the purchaser and the wholesale distributor for three years from the date of sale or transfer; and

(2) available for inspection or ~~removal~~use within two business days upon a request of an authorized officer of the law.

(e) The state board of pharmacy ~~administering this act~~ shall adopt rules and a form relating to the requirements of this ~~section on or before 90~~subsection no later than 120 days after the effective date of this act.

Sec. 6. (a) If the state finds that there is a reasonable probability that:

(1) A wholesale distributor, other than a manufacturer, has:

2820 specifies that manufacturers would not be subject to the provision whereby the State could require that distribution of a drug cease. (Note that manufacturers are not included in the definition of wholesale distributors.)

(A) ~~Knowingly v~~Violated a provision ~~of~~in this act; or

(B) falsified a pedigree, or ~~knowingly~~ sold, distributed, transferred, manufactured, repackaged, handled or held a counterfeit prescription drug intended for human use.

(2) The prescription drug ~~which is alleged to be in~~at issue as a result of a violation of paragraph (1) of subsection (a) of this section could cause serious, adverse health consequences or death; and

May want to clarify who would make the findings and issue the order under this section.

(3) other procedures would result in unreasonable delay, the state shall issue an order requiring the appropriate person, including the ~~manufacturers,~~ distributors or retailers of the drug, to immediately cease distribution of the drug within that state.

(b) An order issued under ~~paragraph (3) of~~ subsection (a) of this ~~section~~section shall provide the person subject to the order with an opportunity for an informal hearing, to be held ~~on or before~~no later than 10 days after the date of the issuance of the order, on the actions required by the order. If, after providing an opportunity for such a hearing, the state determines that inadequate grounds exist to support the actions required by the order, the state shall vacate the order.

Sec. 7. ~~(a)~~ It shall be unlawful for a person to perform or cause the performance of or aid and abet any of the following acts in this state:

2920 does not address the amount of inventory that must be sold.

(~~1~~a) Failure to obtain a license in accordance with this act, or operating without a valid license when a license is required by this act;

~~(2) selling, distributing, transferring or otherwise providing prescription drugs in violation of the 5% rule established in subsection (a) of section 4;~~

(~~3~~b) purchasing or otherwise receiving a prescription drug from a pharmacy, unless the requirements ~~in~~prescribed by subsection (a) of section 3 of this act are met;

(~~4~~c) the sale, distribution or transfer of a prescription drug to a person that is not authorized under the law of the jurisdiction in which the person receives the prescription drug to receive the prescription drug, in violation of subsection (~~c~~b) of section ~~3~~4 of this act;

(~~5~~d) failure to deliver prescription drugs to specified premises, as ~~required~~ prescribed by

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subsection (~~d~~c) of section ~~3~~4 of this act;
(~~6~~e) accepting payment or credit for the sale of prescription drugs in violation of subsection (e) of section ~~3~~4 of this act;
(~~7~~f) failure to maintain or provide pedigrees as required by this act;
(~~8~~g) failure to obtain, pass or authenticate a pedigree, as required by this act;
(~~9~~h) providing the state or any of its representatives or any federal official with false or fraudulent records or making false or fraudulent statements regarding any matter ~~under~~within the provisions of this act;
(~~10~~i) obtaining or attempting to obtain a prescription drug by fraud, deceit, misrepresentation or engaging in misrepresentation or fraud in the distribution of a prescription drug;

2820 would provide an exempt from the provision outlawing handling adulterated, misbranded, or counterfeit drugs under certain circumstances.

(~~11~~) j) except for the wholesale distribution by manufacturers of a prescription drug that has been delivered into commerce pursuant to an application approved under federal law by the United States food and drug administration, the manufacture, repacking, sale, transfer, delivery, holding or offering ~~or~~for sale any prescription drug that is adulterated, misbranded, counterfeit, suspected of being counterfeit or has otherwise been rendered unfit for distribution;
(~~12~~) k) except for the wholesale distribution by manufacturers of a prescription drug that has been delivered into commerce pursuant to an application approved under federal law by the United States food and drug administration, the adulteration, misbranding or counterfeiting of any prescription drug;
(~~13~~l) the receipt of any prescription drug that is adulterated, misbranded, stolen, obtained by fraud or deceit, counterfeit or suspected of being counterfeit and the delivery or proffered delivery of such drug for pay or otherwise; ~~and~~

2820 provides a specific exemption from the general prohibitions for manufacturers obtaining drugs in order to test authenticity.

(m) ~~(14)~~ the alteration, mutilation, destruction, obliteration or removal of the whole or any part of the labeling of a prescription drug or the commission of any other act with respect to a prescription drug that results in the prescription drug being misbranded. ~~4 (b~~; and
(n) such prohibited acts shall not include a prescription drug manufacturer or agent of a prescription drug manufacturer, obtaining or attempting to obtain a prescription drug for the sole purpose of testing the prescription drug for authenticity.

Sec. 8. (a) A person convicted of violating ~~subsection (a)~~section 7, and amendments thereto, shall be guilty of a ~~5~~drug severity level 1 felony.
(~~c~~b) This section shall be part of and supplemental to the ~~Kansas crim inal code~~ uniform controlled substances act.

Sec. ~~8~~9. This act shall take effect and be in force from and after its publication in the statute book.

1-10

65-1643
Chapter 65.--PUBLIC HEALTH
Article 16.--REGULATION OF PHARMACISTS

65-1643. Registration or permit required; pharmacies, manufacturers, wholesalers, auctions, sales, distribution or dispensing of samples, retailers, institutional drug rooms, pharmacy students, veterinary medical teaching hospital pharmacies; certain acts declared unlawful. It shall be unlawful:

(a) For any person to operate, maintain, open or establish any pharmacy within this state without first having obtained a registration from the board. Each application for registration of a pharmacy shall indicate the person or persons desiring the registration, including the pharmacist in charge, as well as the location, including the street name and number, and such other information as may be required by the board to establish the identity and exact location of the pharmacy. The issuance of a registration for any pharmacy shall also have the effect of permitting such pharmacy to operate as a retail dealer without requiring such pharmacy to obtain a retail dealer's permit. On evidence satisfactory to the board: (1) That the pharmacy for which the registration is sought will be conducted in full compliance with the law and the rules and regulations of the board; (2) that the location and appointments of the pharmacy are such that it can be operated and maintained without endangering the public health or safety; (3) that the pharmacy will be under the supervision of a pharmacist, a registration shall be issued to such persons as the board shall deem qualified to conduct such a pharmacy.

(b) For any person to manufacture within this state any drugs except under the personal and immediate supervision of a pharmacist or such other person or persons as may be approved by the board after an investigation and a determination by the board that such person or persons is qualified by scientific or technical training or experience to perform such duties of supervision as may be necessary to protect the public health and safety; and no person shall manufacture any such drugs without first obtaining a registration so to do from the board. Such registration shall be subject to such rules and regulations with respect to requirements, sanitation and equipment, as the board may from time to time adopt for the protection of public health and safety.

(c) For any person to distribute at wholesale any drugs without first obtaining a registration so to do from the board.

(d) For any person to sell or offer for sale at public auction or private sale in a place where public auctions are conducted, any drugs without first having obtained a registration from the board so to do, and it shall be necessary to obtain the permission of the board in every instance where any of the products covered by this section are to be sold or offered for sale.

(e) For any person to in any manner distribute or dispense samples of any drugs without first having obtained a permit from the board so to do, and it shall be necessary to obtain permission from the board in every instance where the samples are to be distributed or dispensed. Nothing in this subsection shall be held to regulate or in any manner interfere with the furnishing of samples of drugs to duly licensed practitioners, to mid-level practitioners, to pharmacists or to medical care facilities.

(f) Except as otherwise provided in this subsection (f), for any person operating a store or place of business to sell, offer for sale or distribute any drugs to the public without first having obtained a registration or permit from the board authorizing such person so to do. No retail dealer who sells 12 or fewer different nonprescription drug products shall be required to obtain a retail dealer's permit under the pharmacy act of the state of Kansas or to pay a retail dealer new permit or permit renewal fee under such act. It shall be lawful for a retail dealer who is the holder of a valid retail dealer's permit issued by the board or for a retail dealer who sells 12 or fewer different nonprescription drug products to sell and distribute nonprescription drugs which are prepackaged, fully prepared by the manufacturer or distributor for use by the consumer and labeled in accordance with the requirements of the state and federal food, drug and cosmetic acts. Such nonprescription drugs shall not include: (1) A controlled substance; (2) a prescription-only drug; or (3) a drug product intended for human use by hypodermic injection; but such a retail dealer shall not be authorized to display any of the words listed in subsection (u) of K.S.A. 65-1626 and amendments thereto, for the designation of a pharmacy or drugstore.

(g) For any person to sell any drugs manufactured and sold only in the state of Kansas, unless the label and directions on such drugs shall first have been approved by the board.

(h) For any person to operate an institutional drug room without first having obtained a registration to do so from the board. Such registration shall be subject to the provisions of K.S.A. 65-1637a and amendments thereto and any rules and regulations adopted pursuant thereto.

(i) For any person to be a pharmacy student without first obtaining a registration to do so from the board, in accordance with rules and regulations adopted by the board, and paying a pharmacy student registration fee of $25 to the board.

(j) For any person to operate a veterinary medical teaching hospital pharmacy without first having obtained a registration to do so from the board. Such registration shall be subject to the provisions of K.S.A. 65-1662 and amendments thereto and any rules and regulations adopted pursuant thereto.

History: L. 1953, ch. 290, § 29; L. 1967, ch. 342, § 3; L. 1975, ch. 319, § 29; L. 1979, ch. 193, § 3; L. 1982, ch. 263, § 7; L. 1983, ch. 210, § 2; L. 1986, ch. 231, § 29; L. 1997, ch. 112, § 3; L. 1997, ch. 184, § 2; L. 1999, ch. 38, § 5; L. 1999, ch. 149, § 8; L. 2000, ch. 89, § 2; Apr. 27.

Back

SENTENCING RANGE - DRUG OFFENSES

Category → / Severity Level ↓	A 3 + Person Felonies	B 2 Person Felonies	C 1 Person & 1 Nonperson Felonies	D 1 Person Felony	E 3 + Nonperson Felonies	F 2 Nonperson Felonies	G 1 Nonperson Felony	H 2 + Misdemeanors	I 1 Misdemeanor No Record
I	204 194 185	196 186 176	187 178 169	179 170 161	170 162 154	167 158 150	162 154 146	161 150 142	154 146 138
II	83 78 74	77 73 68	72 68 65	68 64 60	62 59 55	59 56 52	57 54 51	54 51 49	51 49 46
III	51 49 46	47 44 41	42 40 37	36 34 32	32 30 28	25 24 23	23 22 20	19 18 17	16 15 14
IV	42 40 37	36 34 32	32 30 28	26 24 23	22 20 18	18 17 16	16 15 14	14 13 12	12 11 10

LEGEND
Presumptive Probation
Border Box
Presumptive Imprisonment

HDMA
Healthcare Distribution
Management Association

February 1, 2006

Honorable Jim Morrison
Chair, House Health and Human Services Committee
Kansas House of Representatives

VIA - EMAIL

Dear Representative Morrison:

On behalf of the Healthcare Distribution Management Association (HDMA) pharmaceutical distributor members in Kansas, I submit the following in response to the prescription drug wholesale licensing provisions in House Bill 2397. HDMA and its member companies support licensing standards that address the responsibility of distributors in this market and provide accountability for their business practices. We are committed to a business model that is built on maintaining the safety and integrity of the prescription drug products we distribute.

To achieve these goals, HDMA is working with states across the country to address key elements that we believe are the most effective approach to deterring and preventing the infiltration of counterfeit and adulterated prescription drug products in this industry. These include: 1) a comprehensive state licensure program; 2) stronger and more consistent state penalties for those who counterfeit prescription drugs; 3) technological solutions to prescription drug pedigree; and, 4) uniformity among the states that adopt laws and regulations that address the inspections, investigations and enforcement in facilities across the country. These basic elements are a part of HDMA's efforts to comply with federal statutes governing states' responsibilities in conforming federal guidelines as they are addressed in the Prescription Drug Marketing Act.* Furthermore, HDMA respectfully requests that the State of Kansas consider the following comments which represent some of HDMA's concerns with HB 2397:

Provision in the legislation include the definition of the "Normal Distribution Chain." It is HDMA's position that the definition as written would limit market access to prescription drug products in time of shortages and high public demand. In limited instances, distributors are without access of a given product either because they have reached their monthly limit of product from the manufacturer, an epidemic or surge in treatment arises in one area of the country, or natural disasters make access to prescription drug products an issue. HDMA suggests providing enough flexibility in the market to allow for the following:

Section 2 (d) - Normal Distribution Channel Definition
For the purposes of this chapter, within the normal distribution channel, a licensed distributor that receives a product direct from the manufacturer may sell the product to a pharmacy, chain drug warehouse, or practitioner or to one other licensed wholesale that sells the product direct to a pharmacy, chain drug warehouse, or practitioner without passing a pedigree, if the transaction includes a statement that the product was purchased direct from the manufacturer or from a licensed distributor who purchased the product direct from the manufacturer.

This new definition effectively captures the intent to restrict the number of transactions of a prescription drug product after the sale from the manufacturer. HDMA supports an additional layer of security with a requirement that a statement identify products purchased directly from a manufacturer or from a licensed distributor that purchased it directly from the manufacturer. ALL other scenarios would require a pedigree. This important requirement provides the pharmacy with assurances that the product is within one and not more than two transactions from the direct purchase of the prescription products they receive.

Attachment 2
HHS 2-7-06

901 North Glebe Road • Suite 1000 • Arlington, VA 22203
(703) 787-0000 • (703) 935-3200 (Fax) • www.HealthcareDistribution.org

Other concerns with HB 2397 as it is proposed for amendment include clarification of the following:

Section 3 (d) (3) – Licensing Requirements of Designated Representatives
HDMA requests that qualifications of designated representatives not include an examination requirement. HDMA is not aware of an examination prerequisite regarding state and federal laws at the state level. Designated representatives are held accountable to each state's regulating authority by the licensing standards adopted in each state. Further each facility is responsible for compliance with the law in each state or risk the fines and penalties associated with the licensing standards of each state.

Section 4(a) – Distribution
HDMA opposes the limitation of 95% of sales to a pharmacy or other person dispensing or administering the product. HDMA believes this provision conflicts with the determination of "normal distribution" and limits the movement of product to other critical entities in the distribution market including but limited to chain pharmacy warehouses, mail-order facility warehouses, common carriers, third party logistics operators, etc.

Section 7 (a)(11) and (13)– Penalties
HDMA requests that HB 2397 include a "knowing" provision to the unlawful acts listed in Section 7. It is HDMA's position that the legislation recognize that it may be impossible for distributors acting in good faith, to determine counterfeit products from their original counterparts. It may be possible to unknowingly be involved with an adulterated product. HDMA requests that separate penalties exist for knowing and unknowingly violating the law in this regard.

Again, thank you for the opportunity to participate with the development of HB 2397. I appreciate the time and effort you have provided to this initiative and hope that I can be of assistance. Should you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

David Gonzales

David Gonzales
Senior Director of State Government Affairs
Healthcare Distribution Management Association

** The Prescription Drug Marketing Act (PDMA) was enacted on April 22, 1988 (Public Law 100-293) to respond to problems relating to the safety, efficacy, storage and handling of pharmaceuticals. PDMA established specific requirements for the selling and distribution of prescription drugs. Included in these is a requirement that wholesale distributors of prescription drugs be state licensed according to FDA minimum standards. Nearly ten years after enactment of PDMA, on December 3, 1999, FDA published the final regulation completing the implementation of the Act. This final rule includes provisions dealing with the "authorized distributor of record" and "drug pedigree" elements of PDMA.*

Attachment 3
HHS 2-7-06

HB 2397 - Wholesale Licensure and Prescription Medication Integrity

Hearing before the House Health and Human Services
Tuesday, 2/7/2006
1:30 PM, Rm 526-S

Testimony by Nancy Zogleman, Pfizer Inc.

Overview of Issue

- Three years ago fake Lipitor was sold in the Kansas City market because of a faulty distribution system.
- The top 3 wholesalers account for 90% of the drug distribution in the US. Yet there are thousands of registered wholesalers in the US, creating a secondary market.
- When we look at this secondary marketplace in light of the sharp rise in counterfeit cases in the US, it becomes increasingly clear that this large number of wholesalers requires increased regulatory oversight.
- HB 2397 was developed by Pfizer to help ensure patient safety through enhancing the quality and integrity of the drug distribution system for prescription medications. New bill HB 2820, includes modifications made by multiple groups over the last year.

How Fake Lipitor was Sold

- Federal prosecutors arrested a twice-convicted cocaine dealer who manufactured and distributed a convincing copy of the medicine.
- 200,000 bottles or 18 million tablets had to be collected in the Kansas City market
- Costa Rica to Brazil to Florida to California to Maryland to Nebraska to Missouri to Kansas City
- One of the distributors charged is a Kansas citizen

Pedigree Legislation: Ensuring the Safety of Medicine

Most prescription drug distribution follows a simple path

VAST MAJORITY OF Rx MEDICINES DISTRIBUTED BY THE BIG 3:

Amerisource-Bergen, Cardinal Health Inc. and McKesson Corp.

- Some medicines are sold through smaller wholesalers known as regional or secondary wholesalers.
- Multiplicity of distribution points poses challenges for regulators
- There are more than **6,000** wholesalers in the U.S.

To better ensure the safety and quality of pharmaceuticals, legislation should be passed that increases oversight on wholesalers, especially those operating outside of the usual distribution channels.

To stop counterfeiting, wholesale distributors must be required to:

1. **Meet strict licensing requirements**
   - Wholesalers should pass criminal and business background checks.
   - Wholesalers should be sufficiently bonded.
2. **Create pedigrees or legitimate "trails" for every sale, trade or transfer of a drug that leaves the normal distribution chain**
   - Safety and quality of prescription drugs will be easier to verify if sales, trades and transfers are tracked.

Combating Counterfeit Drugs: A Report of the Food and Drug Administration Annual Update

3-5

http://www.fda.gov/oc/initiatives/counterfeit/update2005.html

- **The comprehensive Report highlights several measures that can be taken to better protect Americans from counterfeit drugs.**

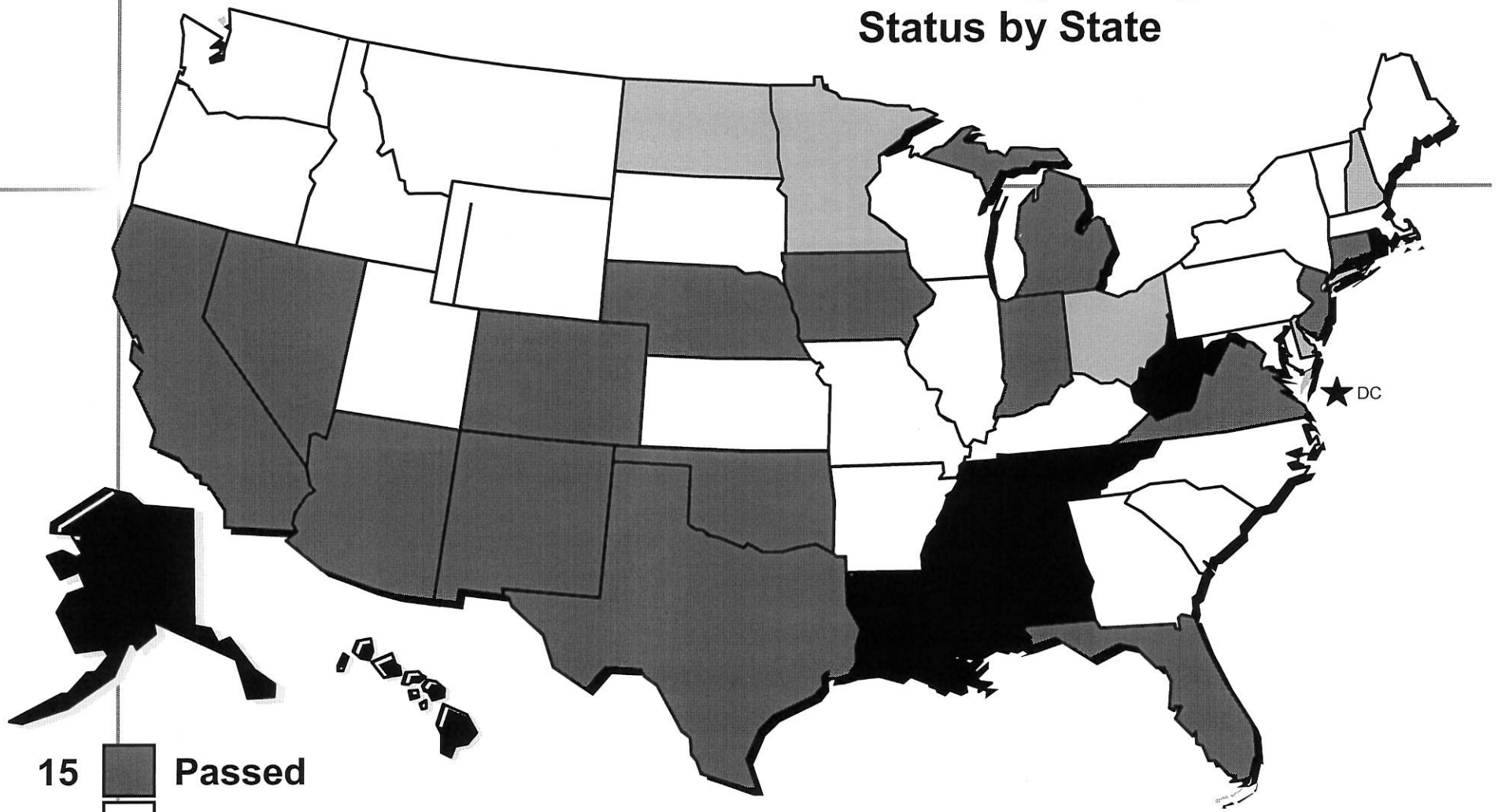
These measures address six critical areas:

- **Securing the actual drug product and its packaging**
- **Securing the movement of the product as it travels through the U.S. drug distribution chain**
- **Enhancing regulatory oversight and enforcement**
- **Increasing penalties for counterfeiters**
- **Heightening vigilance and awareness of counterfeit drugs**
- **Increasing international collaboration**

Key Elements of the Legislation

- **Board of Pharmacy is responsible for Safeguarding the State's Drug Supply**
- **Licensure Process is Critical – it ensures that only those organizations that meet the predetermined standard of the state are allowed to provide medications to the state's citizens**
- **Background Checks Weed out Bad Players – such as process will allow for the identification of unscrupulous individuals that have a history of engaging in activities that are not only illegal but may be dangerous to patients.**
- **Kansas currently has around 700 licensed wholesalers**

Counterfeit / Pedigree Legislation Status by State



15 Passed
22 Introduced
5 To be introduced
8 Not introduced

Pfizer

January 17, 2006

Legislation Has Evolved Over The Last Year

- Boards of Pharmacy, NABP, HDMA, Pharmacy Associations and other manufacturers– have all offered changes
- Based on these changes, a new bill was drafted – HB 2820
- HB 2820 – Has been referred to this committee

March 3, 2005

The Honorable Jim Morrison, Chairperson
House Committee on Health and Human Services
Statehouse, Room 171-W
Topeka, Kansas 66612

Dear Representative Morrison:

SUBJECT: Fiscal Note for HB 2397 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2397 is respectfully submitted to your committee.

HB 2397 would require the Kansas Board of Pharmacy to implement a pedigree system for the drug distribution system. A pedigree would follow the drug from the manufacturer through the distribution system, until it reaches the retail store. Each product would be given a unique identification number and the system would provide sufficient safeguards to ensure that drugs were not counterfeit or that a wholesale drug diversion submarket was not developed.

The Kansas Board of Pharmacy would have to develop testing and licensure procedures for all wholesale distributors who deliver any drugs into the state. Either a paper or electronic system that requires distributors to provide a statement identifying each prior sale of the drug would have to be implemented. The Board would also have to develop and implement rules and regulations for the pedigree system and incorporate the system into current record keeping as well as inspection and regulation functions of the agency. The federal government has provided for such a system to be put into place through the Prescription Drug Marketing Act. However, because the costs of the program would have to be passed on to the distributor, no real progress has been made. Only two states, California and Florida, have passed laws requiring distributor pedigrees and neither has been implemented. The agency states that there is no information on which to base a cost estimate. The Board of Pharmacy assumes that the costs of the program, whatever the level, could be passed on to the distributors. So while agency expenditures would increase, licensing fees would be increased in order to cover the expenditures.

Sincerely,

Duane A. Goossen

Duane A. Goossen
Director of the Budget

cc: Debra Billingsley, Pharmacy
Jeremy Barclay, Dept. of Corrections
Patti Biggs, Sentencing Commission

Attachment 4
HHS 2-7-06

March 1, 2005

The Honorable Jim Morrison, Chairperson
House Committee on Health and Human Services
Statehouse, Room 171-W
Topeka, Kansas 66612

Dear Representative Morrison:

SUBJECT: Fiscal Note for HB 2452 by House Committee on Judiciary

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2452 is respectfully submitted to your committee.

HB 2452 would require the Kansas State Board of Nursing to establish and maintain a central registry of all nurses and mental health technicians licensed in the State of Kansas. The purpose of the registry would be to provide a resource for health care providers who employ nurses or licensed mental health technicians when they review employment applications.

Estimated State Fiscal Effect				
	FY 2005 SGF	FY 2005 All Funds	FY 2006 SGF	FY 2006 All Funds
Revenue	--	--	--	--
Expenditure	--	$42,061	--	$70,123
FTE Pos.	--	--	--	1.50

The Kansas State Board of Nursing estimates that passage of HB 2452 would increase expenditures by $42,061 in FY 2005 and $70,123 in FY 2006 for salary and wage expenses, as well as contractual services. The Board estimates that an additional 1.50 FTE positions would be necessary to handle the increased workload associated with maintaining the central registry. Because the Kansas State Board of Nursing is a fee funded agency, these additional expenditures

Attachment 5
HHS 2-7-06

would lower projected fee fund balances. Any fiscal effect resulting from the passage of this bill would be in addition to amounts included in *The FY 2006 Governor's Budget Report.*

Sincerely,

Duane A. Goossen
Director of the Budget

cc: Roberta Kellogg, Board of Nursing

March 4, 2005

The Honorable Jim Morrison, Chairperson
House Committee on Health and Human Services
Statehouse, Room 171-W
Topeka, Kansas 66612

Dear Representative Morrison:

SUBJECT: Fiscal Note for HB 2497 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2497 is respectfully submitted to your committee.

Currently, both child placement agencies and the Kansas Department of Health and Environment (KDHE) request from the Kansas Bureau of Investigation (KBI) background checks on prospective foster parents, child care workers, or employees at family day care homes. HB 2497 would allow KDHE to share its background reports with the child placement agencies, thereby eliminating the need for the child placement agencies to request background checks for themselves.

Because the bill would eliminate duplicative background checks, the child placement agencies would realize a savings estimated to be $9,000. Any fiscal effect resulting from the passage of this bill is not reflected in *The FY 2006 Governor's Budget Report.*

Sincerely,

Duane A. Goossen

Duane A. Goossen
Director of the Budget

cc: Brandy Wheeler, Judiciary
Jackie Aubert, SRS
Aaron Dunkel, Health & Environment

Attachment 6
HHS 2-7-06