Approved: April 2, 2007
Date

# MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on March 22, 2007, in Room 514-S of the Capitol.

All members were present except:
Representative Doug Gatewood - excused
Representative Pat George - excused
Representative Ty Masterson - excused
Representative Jason Watkins - excused

Committee staff present:
Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Becky Krahl, Legislative Research Department
Amy Deckard, Legislative Research Department
Audrey Dunkel, Legislative Research Department
Julian Efird, Legislative Research Department
Susan Kannarr, Legislative Research Department
Aaron Klaassen, Legislative Research Department
Heather O'Hara, Legislative Research Department
Jim Wilson, Revisor of Statutes
Nikki Feuerborn, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:
Representative Candy Ruff
Aaron Henrichs, Conservation Officer, Department of Wildlife and Parks
Glenn Deck, Executive Director, Kansas Public Employees Retirement System
Representative Kay Wolf
Marcia Nielson, Kansas Health Policy Authority
Craig Kaberline, Kansas Area Agency on Aging
Chris Tilden, Director of Local & Rural Health, Department of Health and Environment
Marilyn Page, Marion Clinic
Cindy Luxem, Kansas Health Center
Debra Zehr, Kansas Association of Homes for the Aging
Barb Conant, Department on Aging
Linda Wright, Director, Johnson County Area Agency on Aging
Dick Koerth, Department of Wildlife and Parks

Others attending:
See attached list.

- Attachment 1 — Testimony on **HB 2584** by Representative Ruff
- Attachment 2 — Testimony on **HB 2584** by Aaron Henrichs
- Attachment 3 — Written Testimony on **HB 2584** by Eric Haskin, Kansas State Troopers Association
- Attachment 4 — Data Sheet presented by Glenn Deck, KPERS
- Attachment 5 — Testimony in support of **HB 2578** by Representative Wolf
- Attachment 6 — Testimony in support of **HB 2578** by Marcia Nielsen
- Attachment 7 — Testimony in support of **HB 2578** by Craig Kaberline
- Attachment 8 — Testimony in support of **HB 2578** by Chris Tilden
- Attachment 9 — Testimony in support of **HB 2578** by Marilyn Page
- Attachment 10 — Testimony in support of **HB 2578** by Cindy Luxem
- Attachment 11 — Testimony in support of **HB 2578** by Debra Zehr
- Attachment 12 — Testimony in support of **HB 2578** by Barbara Conant
- Attachment 13 — Testimony in support of **HB 2578** by Amanda Lowe
- Attachment 14 — Written testimony in support of **HB 2578** by Linda Wright, Director, Johnson County Area Agency on Aging
- Attachment 15 — Written testimony in support of **HB 2578** by Amy Falk, Executive Director, Caritas Clinics, Inc.

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 22, 2007, in Room 514-S of the Capitol.

- Attachment 16 — Written testimony in support of **HB 2578** by Jim McFadden, Director, Mother Mary Anne Clinic
- Attachment 17 — Written testimony in support of **HB 2578** by Laurel Alkire, Executive Director, Senior Services, Inc. of Wichita
- Attachment 18 — Written testimony in support of **HB 2578** by Deanne Bacco, Executive Director of Kansas Advocates for Better Care
- Attachment 19 — Written testimony in support of **HB 2578** by Ernest Kutzley, Advocacy Director for AARP Kansas
- Attachment 20 — Written testimony in support of **HB 2578** by Karla Finnell, Executive Director, Kansas Association for the Medically Underserved
- Attachment 21 — Amendment to **HB 2578**
- Attachment 22 — Testimony on **HB 2586** by Dick Koerth
- Attachment 23 — Testimony on **HB 2587** by Dick Koerth

**HB 2591** and **SB 309** were referred to the Social Services Budget Committee.

Representative Schwartz made a motion to introduce legislation concerning deferred maintenance. The motion was seconded by Representative Tafanelli. Motion carried.

**Hearing on HB 2584 - Affiliation with the Kansas Police and Firemen's Retirement System by the Department of Wildlife and Parks for membership of certain officers and employees**.

Julian Efird, Legislative Research Department, explained that **HB 2584** addressed retirement benefits for certain employees of the Department of Wildlife and Parks. The legislation would direct the agency to affiliate with the Kansas Police and Fire Retirement System (KP&F) - including prior and future service for those employees who would be eligible. Currently these employees are covered under the Kansas Public Employees Retirement System (KPERS). The eligible employees are considered law enforcement personnel. The members employed before the affiliation date, would have prior KPERS service transferred to KP&F. The multiplier would change from 1.75 percent under KPERS to 2.5 percent under KP&F. Effective date of the legislation is July 1, 2007.

Chair Schwartz recognized Representative Candy Ruff, who presented testimony in support of **HB 2584** stating that it is a matter of equality and fairness for the conservation officers, who are state employees serving in the capacity of law enforcement officers, to be a part of the Kansas Police and Fire Retirement System (Attachment 1).

The Chair recognized Aaron Henrichs, Natural Resource Officer with the Department of Wildlife and Parks, who explained his support for **HB 2584** (Attachment 2). Responding to a question from the Committee, Mr. Henrichs stated that his retirement would increase if he were covered under the Kansas Police and Fire Retirement System.

Written testimony on **HB 2584** was received from Eric Haskin, President, Kansas State Troopers Association (Attachment 3).

Chairman Schwartz recognized Glen Deck, Executive Director, Kansas Public Employees Retirement System (KPERS), who provided a data sheet on the fiscal impact of **HB 2584** (Attachment 4). Mr. Deck stated that retirement under KP&F would have the same rules as retirement under KPERS. The employee contribution rate would increase from 4 percent under KPERS to7 percent under KP&F in 2008. It was also noted that retirees under KPERS are eligible for Social Securities benefits; however, retirees under KP&F do not pay social security taxes and are not eligible for benefits. It is estimated that **HB 2584** would create an unfunded actuarial liability of approximately $9.3 million.

Dick Koerth, Department of Wildlife and Parks, stated that the 30 percent of the employer's contribution to KP&F for the conservation officers would need to be funded from the State General Fund (SGF).

**The hearing on HB 2584 was closed**.

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 22, 2007, in Room 514-S of the Capitol.

**Hearing on HB 2578 - Establishing the utilization of unused medications act**.

Amy Deckard, Legislative Research Department, explained that **HB 2578** would create a voluntary program under which adult care homes would be able to donate unused medications to be dispensed by indigent health care clinics or federally qualified health care centers in Kansas to qualified residents who are medically indigent. The bill establishes criteria for acceptance of thee donations. It stated that medications must come from a controlled storage unit, in original unit dose packaging and not have expired. The Board of Pharmacy will provide technical assistance for the program. In addition, the Department of Health and Environment (KDHE) would maintain records of participation. The fiscal note indicates that there would be no fiscal impact from the legislation.

Chair Schwartz recognized Representative Kay Wolf, who provided testimony in support of **HB 2578** (Attachment 5). Representative Wolf stated that the bill is good public policy and assists Kansans with the rising costs of healthcare.

The Chair recognized Marcia Nielsen, Executive Director, Kansas Health Policy Authority (KHPA), who provided testimony in support of **HB 2578** with modification (Attachment 6). Ms. Nielsen stated the it is the recommendation of the KHPA that an exception be added to **HB 2578** with regard to medications purchased by or provided through the Title XIX (Medicaid) and Title XXI (State Children's Health Insurance Program (SCHIP) programs.

The following proponents were recognized and provided testimony in support of **HB 2578**:

- Craig Kaberline, Executive Director, Kansas Area Agencies on Aging Association (Attachment 7).
- Chris Tilden, Director, Office of Local and Rural Health, KDHE (Attachment 8).
- Cynthia Smith on behalf of Marilyn Page, Executive Director, Marian Clinic (Attachment 9).
- Cindy Luxem, CEO/President, Kansas Health Care Association (Attachment 10).
- Mary Sloan on behalf of Debra Zehr, President, Kansas Association of Homes and Services for the Aging (KAHSA) (Attachment 11).
- Barbara Conant, Director of Public Affairs, Department on Aging (Attachment 12).
- Amanda Lowe, CEO, Health Partnership Clinic of Johnson County (Attachment 13).

Written testimony in support of **HB 2578** was received from:

- Linda Wright, Director, Johnson County Area Agency on Aging (Attachment 14).
- Amy Falk, Executive Director, Caritas Clinics, Inc. (Attachment 15).
- Jim McFadden, Director, Mother Mary Anne Clinic, Wichita (Attachment 16).
- Laurel Alkire, Executive Director, Senior Services, Inc. Of Wichita (Attachment 17).
- Deanne Bacco, Executive Director, Kansas Advocates for Better Care (Attachment 18).
- Ernest Kutzley, Advocacy Director, AARP Kansas (Attachment 19).
- Karla Finnell, Executive Director, Kansas Association for the Medically Underserved (Attachment 20).

There were no opponents to the legislation.

Responding to questions from the Committee, Debra Billings, State Board of Pharmacy, noted that many of the issues regarding shipping and packaging would be addressed by rules and regulations.

**The hearing on HB 2578 was closed**.

Representative Bethell moved to recommend **HB 2578** favorable for passage. The motion was seconded by Representative Kelsey.

Representative Wolf moved for a substitute motion to amendment **HB 2578** by inserting the word "or pharmacist" in Section 4, Line 13, Paragraph (b); add language to exclude "medications purchased by or provided through the Title XIX (Medicaid) and Title XXI (State Children's Health Insurance Program (SCHIP) (Attachment 21).The motion was seconded by Representative Feuerborn. Motion carried.

Representative Bethell moved to recommend **HB 2578** favorable for passage as amended and

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 22, 2007, in Room 514-S of the Capitol.

allow for technical corrections as needed. The motion was seconded by Representative Kelsey. Motion carried.

**Hearing on HB 2586 - Authorizing department of wildlife and parks to exceed certain established expenditure limitations to comply with federal aid expenditure requirements.**

Julian Efird, Legislative Research Department, explained that **HB 2586** was requested by the Department of Wildlife and Parks and would allow them to exceed expenditure limitations on three of the special revenue funds if the action was necessary to comply with federal requirements. An annual report would be required to be filed with the Governor and the Legislature after such expenditures were made. The action of this legislation would make this a permanent consideration as opposed to adding it each year by proviso to the appropriations bill.

Chair Schwartz recognized Dick Koerth, Department of Wildlife and Parks, who presented testimony in support of **HB 2586** (Attachment 22).

There were no opponents.

**The hearing on HB 2586 was closed.**

**Hearing on HB 2587 - Creating the wildlife and parks nonrestricted fund.**

Julian Efird, Legislative Research Department, explained that **HB 2587** would establish statutory the Wildlife and Parks non-restrictive fund in the State treasury. The bill would also provide for the disposition of receipts and expenditures subject to appropriations by the Legislature. The account would retain an interest-bearing status.

Chair Schwartz recognized Dick Koerth, Department of Wildlife and Parks, who testified in support of HB 2587 (Attachment 23). Mr. Koerth stated that the action was recommended by a Legislative Post Audit No. 94-44.

There were no opponents to **HB 2587**.

**The hearing on HB 2587 was closed.**

Representative Feuerborn moved to recommend **HB 2587** favorable for passage and placement on the consent calendar. The motion was seconded by Representative Carlin. Motion carried.

The meeting was adjourned at 11:00 a.m. The next meeting of the Committee will be held at 9:00 a.m. on March 23, 2007.

Sharon Schwartz, Chair

# House Appropriations Committee
**March 22, 2007**
**9:00 A.M.**

| NAME | REPRESENTING |
|---|---|
| Dick Koeal | KDWP |
| Lindsey Douglas | Hein Law Firm |
| Jim Snyder | SHL |
| BERNICE SMITH | SHL |
| Chris Tilden | KDHE |
| Mary Sloan | KAHSA |
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STATE OF KANSAS

L. CANDY RUFF
REPRESENTATIVE FORTIETH DISTRICT
LEAVENWORTH COUNTY
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TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
RANKING MINORITY MEMBER: VETERANS, MILITARY & HOMELAND SECURITY AFFAIRS
MEMBER: COMMERCE & LABOR
MEMBER: JOINT COMMITTEE ON ARTS AND CULTURAL RESOURCES

To: House Appropriations Committee

From: Rep. Candy Ruff

Re: HB 2584

Date: March 21, 2007

Supporting HB 2854 is a matter of equality and fairness for those state employees serving in the capacity of law enforcement officers but not currently under the state's Kansas Police and Fire retirement system. Serving in the state parks and on the state lakes, the conservation officers targeted in HB 2854 should be among the first considered for a change in their retirement status. As fully certified law enforcement officers with full arrest powers, conservations officers are currently under the KPERS retirement system. However, their duties and responsibilities bring to bear upon them the burdens of any cop or state trooper.

As consideration is given to bringing these conservation officers under KPF, please take into account the stress that comes with stopping a suspect vehicle along an isolated road inside one of our state parks. Or imagine the challenge that comes with patrolling a busy state lake during a Fourth of July weekend. With boaters racing among one another, just try to visualize the task of spotting a drunken boater, getting him or her to slow down, and then boarding the vessel to put the driver under arrest. These are routine occurrences in our state parks and on our state lakes. And they take their toll.

We have long recognized and realized that law enforcement officers endure usually high levels of stress that impact their health and well being. In an eight-hour shift, they may experience more of the tragedies of life than any of us would see in a lifetime. We know these conservation officers to be talented in their chosen professions, combining scientific knowledge and practical skills to make our state lakes and state parks show places throughout the states. But we need to do better by them when it comes to their retirement.

HB 2584 rights a wrong in the state's retirement system. My hope is that these fine conservation officers will be first among those our Legislature considers worthy for KP&F coverage.



**HOUSE APPROPRIATIONS**

**DATE** 3-22-2007

**ATTACHMENT** 1

My name is Aaron Henrichs and I am a Natural Resource Officer with Kansas Wildlife and Parks and I live in Eudora. We are more commonly known as game wardens and are state certified law enforcement officers. We are currently working with Candy Ruff on a bill that would switch our retirement from KPERS to Kansas Police and Fire. We feel that we are exposed to much of the same risks as other law enforcement officers in this state and should be allowed to participate the the police and fire pension.

I worked as a police officer for five years in a city of 200,00 with all the problems that come with a city of that size. While working as a police officer I had many opportunities to advance to positions "off the street". I also was able to summon back up to assist me anywhere in the city within 60 seconds. I spent most of my time in a climate controlled patrol car and rarely actually contacted anybody with a firearm. I was never involved in a vehicle pursuit. I would put approximately 10,000 miles a year on a police cruiser on paved roads.

I have worked as a game warden for approx 3 years. I work in remote areas alone and often am not even able to tell dispatch how to locate me if I need backup. I work out of the vehicle on rivers, lakes, and ice. In the fall almost everybody I come in contact with has a firearm that I have to be aware of as nervous hunters fumble with permits and excited dogs knock over carelessly placed shotguns. I have arrested felons in possession of firearms and have been involved in a vehicle pursuit. I put over 20,000 road miles on a vehicle a year, much of it on county roads. The way our department is structured their is little room for advancement.

In the past we have been told that we are involved in to much science and biology to qualify for police and fire. I would ask about fire marshals, crime scene techs, and forensic investigators and how much science background they have. We are just asking to be included in a group that does the same day to day task that we do and are exposed to the same day to day risk as we are. I would hope that you would support HB 2584 that would include Natural Resource Officers in the Kansas Police and Fire Pension plan.

# KANSAS STATE TROOPERS ASSOCIATION

Testimony on **HB 2584**
Before the
**House Appropriations Committee**
by
**Eric Haskin, President**
Kansas State Troopers Association

**March 22, 2007**

Sharon Schwartz, Chair and Members of the House Appropriations Committee:

On behalf of the Kansas State Troopers Association, I would like to offer our support for House Bill 2584 that would allow affiliation with the Kansas Police and Firemen's Retirement System by Wildlife and Parks officers. The original enactment of the Kansas Police and Firemen's Retirement System recognized that law enforcement and firefighting take an unusual toll on those citizens that chose to protect the others in their communities. The unique nature of these duties has been widely documented to contribute to a variety illnesses including heart disease.

That recognition, in enacting the Kansas Police and Firemen's Retirement System, that law enforcement officers and firefighters are prematurely aged by their service resulted in the opportunity for retirement at a younger age than regular KPERS.

The Wildlife and Parks employees that serve the citizens of the state of Kansas in a Law Enforcement capacity are subject to these same detrimental effects and should be afforded the opportunity to participate in KP&F. Thank you for this opportunity to provide the remarks in support of House Bill 2584.

**HOUSE APPROPRIATIONS**

**DATE** 3-22-2007

**ATTACHMENT** 3

1200 W. 10th Street, Topeka, Kansas 66604 • (785) 234-4488 •

# Kansas Public Employees Retirement System

## Legislative Data Sheet

### 2007 House Bill 2584

Sponsored by Committee on Appropriations.

### Effects of Bill

HB 2584 provides that on or after July 1, 2007, the Department of Wildlife and Parks shall affiliate with KP&F to provide prior and participating service coverage for law enforcement officers who have completed appropriate law enforcement training and certification and are employed in positions requiring such certification. Following that affiliation, qualified law enforcement officers employed by the Department before the affiliation date could individually elect to join KP&F or remain KPERS members. All qualified law enforcement officers hired on or after the affiliation date automatically would become KP&F members. Because the bill provides prior service coverage, members employed before the affiliation date who elect KP&F coverage would receive credit for the period of their KPERS service as if all service had been provided under KP&F.

### Fiscal Impact

Under HB 2584, the Department would make employer contributions to KP&F for the qualifying personnel for prior and future KP&F service. The annual cost of HB 2584 would be the difference between employer contributions at the required KP&F employer contribution rate and employer contributions at the KPERS rate. State law specifies that the Department's fiscal year 2008 employer contribution rate for KP&F would be 16 percent. The employer rate for fiscal year 2009 and subsequent years would be established following an actuarial study of the group to determine the prior service liability. The estimated costs of HB 2584 for fiscal years 2008 and 2009 (assuming a KP&F affiliation date of July 1, 2007, and using payroll information provided by the Department of Wildlife and Parks) are summarized in the tables on page 2.

Based on preliminary information provided by the Department, we estimate HB 2584 would create an unfunded actuarial liability of about $9.3 million. This amount would be amortized, and the Department would make annual payments on the UAL through 2033 (end of System's current amortization period). As shown in the second table on page 2, employer contributions would increase by approximately $643,035 in FY 2008 and $1.3 million in FY 2009.

The employer contribution rate for fiscal year 2009 would be approximately 22.09 percent for the Natural Resource Officers I and II, and 27.64 percent for the supervisory and management law enforcement officers. This includes employer contributions of 13.86 percent for participating service (both groups) plus additional employer contributions equal to 8.23 percent (Natural Resource Officers I & II) and 13.78 percent (Supervisory and Management positions) of payroll for the annual payment toward the unfunded actuarial liability for prior KP&F service.

In fiscal year 2008, the Department of Wildlife and Parks also would be required to pay the cost of the actuarial study required to determine the unfunded actuarial liability associated with HB 2584. Based on current rates, we estimate the cost of such study would be $5,025 ($750 plus $25 per employee).

Date: March 21, 2007

HOUSE APPROPRIATIONS

DATE 3-22-2007

ATTACHMENT 4

## Employer Rate Estimate, HB 2584[a]
## KP&F Affiliation for Department of Wildlife and Parks

| | Number of Positions | Projected Employer Contribution Rates KPERS | KP&F[c] | Increase |
|---|---|---|---|---|
| **Fiscal Year 2008** | | | | |
| ▪ Natural Resource Officers I & II | 85 | 7.37%(b) | 16.00% | 8.63% |
| ▪ Supervisory & Management Positions | 86 | 7.37%(b) | 16.00% | 8.63% |
| ▪ Totals | 171 | - | - | - |
| **Fiscal Year 2009** | | | | |
| ▪ Natural Resource Officers I & II | 85 | 7.97%(b) | 22.09% | 14.12% |
| ▪ Supervisory & Management Positions | 86 | 7.97%(b) | 27.64% | 19.67% |
| ▪ Totals | 171 | - | - | - |

(a) Employee contribution rate would increase from 4% under KPERS to 7% under KP&F.
(b) Includes KPERS employer contribution rate of 6.37% (FY 2008) or 6.97 (FY 2009) for retirement benefits plus 1% for death and disability benefits.
(c) For FY 2008, employer rate would be statutorily set at 16 percent. Rate would be set actuarially beginning in FY 2009. FY 2009 rate projections include participating service rate of 13.86% plus prior service (or UAL) rates of 8.23% for Natural Resource Officers I & II and 13.78% for supervisory and management positions.

## Employer Contribution Estimate, HB 2584
## KP&F Affiliation for Department of Wildlife and Parks

| | Unfunded Actuarial Liability[a] | Projected Employer Contributions KPERS | HB 2584 KP&F | HB 2584 Additional Contributions |
|---|---|---|---|---|
| **Fiscal Year 2008** | | | | |
| ▪ Natural Resource Officers I & II | $3,400,000 | $ 262,146 | $ 569,108 | $ 306,963 |
| ▪ Supervisory & Management Positions | 5,900,000 | 287,005 | 623,078 | 336,073 |
| ▪ Totals | 9,300,000 | 549,151 | 1,192,186 | 643,035 |
| **Fiscal Year 2009** | | | | |
| ▪ Natural Resource Officers I & II | (a) | $ 290,574 | $ 805,315 | $ 514,741 |
| ▪ Supervisory & Management Positions | (a) | 318,130 | 1,103,235 | 785,105 |
| ▪ Totals | (a) | 608,704 | 1,908,550 | 1,299,845 |

(a) The $9.3 million unfunded actuarial liability would be amortized over the 24 years remaining in the System's current amortization period with annual payments made through 2033.

These cost estimates are based on the statutory 16 percent employer contribution rate for fiscal year 2008 and estimated employer contribution rates for 2009 based on preliminary salary and membership information provided by the Department of Wildlife and Parks and the assumptions included in KPERS' actuarial valuation dated December 31, 2005. The estimates also are based on projected fiscal year 2008 and fiscal year 2009 salaries for eligible employees and assume all eligible employees elect to join KP&F.

The Retirement System could implement HB 2584 within currently approved staffing and operating expenditure levels.

4-2

State of Kansas
House of Representatives

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Kay Wolf
Representative, 21st District

March 21, 2007

To: Madame Chair Sharon Schwartz
Members of the Appropriations Committee

From: Kay Wolf, 21st District State Representative

Re: HB 2578 Utilization of Unused/Unopened Medication Act

Madame Chair and Member of the Committee:

Thank you for the opportunity to appear before you today in support of HB2578. The origin of the idea for the bill stemmed from a meeting I attended with the Johnson County Agency on Aging. We all are aware of the high cost today for medications and the need for our elderly and uninsured population. Disposal of prescription and over-the- counter medications is a common practice even if unopened and unexpired. I personally experienced this phenomenon with the passing of my mother last year.

This bill has been a combination of ideas, thoughts, research, and hours of work by many Kansas organizations and Agencies. Many of these entities are here today and will provide testimony either written or in person. Examples of those working on this bill are but not limited to:
KS Health Policy Authority
Department of Aging
KS State Board of Pharmacy
KS Association of Medically Underinsured
KS Department of Health & Environment
KS Health Care Association
KS Association of Homes & Services for the Aging
Pharmaceutical Research and Manufacturing of America

Currently approximately 36 states have either enacted or have similar pending

HOUSE APPROPRIATIONS
DATE 3-22-2007
ATTACHMENT 5

legislation. The closest neighboring state is Oklahoma and many of the basic ideas such as obtaining the medications from adult care homes for distribution purposes were obtained from this state. However, one important difference between the two bills is Kansas will require the medications to have been stored in a "Controlled Environment". In Kansas about 300,000 are uninsured and 70 percent are those at 200% of the federal poverty level. Kansas Safety Net Clinics and Community Health Care Centers serve this population. I have enclosed a map of all the locations throughout the state for your review. Oklahoma estimates $7million dollars of medications will be donated per year for their needy once the program is state wide.

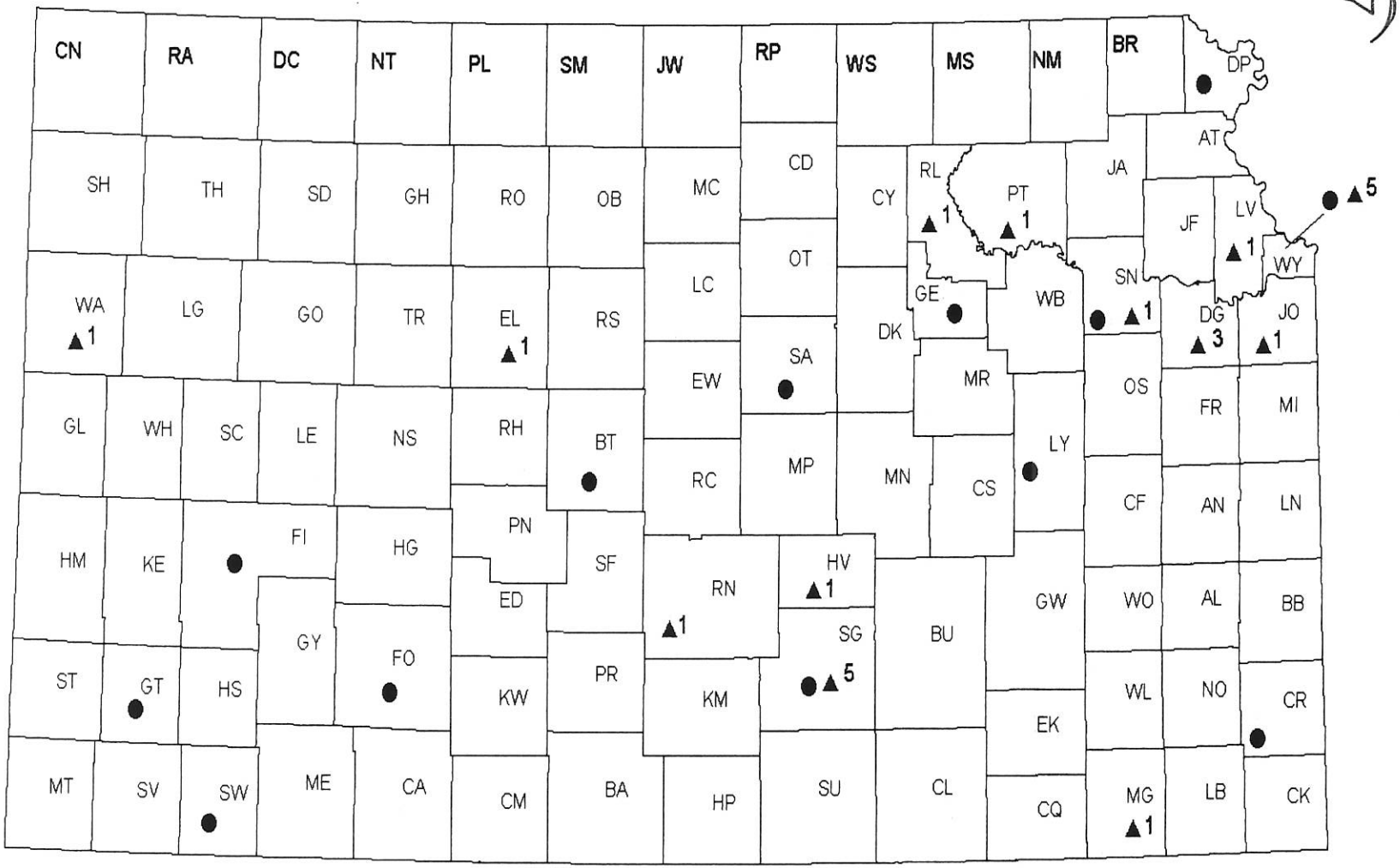
This bill is good public policy and assists Kansans with the rising costs of healthcare. It is a voluntary donation program and will be initiated and overseen by the Department of Health & Environment, Department of Aging, and the State Board of Pharmacy.

I am excited about this program and hope you are as well. Thank you Madame Chair and members of the Committee for your time and attention today. I will stand for questions when the time is appropriate.

Representative Kay Wolf

5-3

# Kansas Community Health Centers (CHCs) and Primary Care Clinics




● Community Health Centers or Satellite

▲# Primary Care Clinics

KHPA
Kansas Health Policy Authority
*Coordinating health & health care for a thriving Kansas*

MARCIA J. NIELSEN, PhD, MPH
Executive Director

ANDREW ALLISON, PhD
Deputy Director

SCOTT BRUNNER
Chief Financial Officer

# Testimony on:
HB 2578: Utilization of Unused Medications Act

## presented to:
House Appropriations Committee

## by:
Marcia J. Nielsen, PhD, MPH
Executive Director

**March 22, 2007**

**For additional information contact:**
Luke Thompson
Kansas Health Policy Authority

Landon State Office Building
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Topeka, KS 66612
Phone: 785-296-3981
Fax: 785-296-4813

**House Appropriations Committee**
**March 22, 2007**

**HB 2578: Utilization of Unused Medications Act**

Good morning Madame Chair and Committee members. I am Marcia Nielsen, Executive Director of the Kansas Health Policy Authority. Thank you for the opportunity to address the House Appropriations Committee on the utilization of unused medications act, HB 2578. On behalf of the Authority I would like to express support for passage of the bill with modification.

Representatives of the Kansas Health Policy Authority Pharmacy Program were involved in the drafting of HB 2578 ensuring that the bill is in line with the vision principles of our agency. In particular HB 2578 will improve access to care by providing medications to citizens through Federally Qualified Health Centers – citizens who may have been without medications. The bill promotes efficiency in health care by allowing adult care homes that participate in the utilization of the unused medications program to donate medications they might otherwise have discarded. However, as beneficial as we believe this legislation would be to serving the needs of Kansas residents, the Center for Medicare and Medicaid Services (CMS) requires that the state Medicaid agency be reimbursed when unused medications are restocked and reused. Therefore, we would urge that an exception be included in the bill for medications purchased by or provided through the Title XIX (Medicaid) and Title XXI (State Children's Health Insurance Program - SCHIP) programs.

The passage of this bill as modified would then not affect medications purchased under the Medicaid or SCHIP programs which are required by state and federal regulations to be returned and credited to the state. These regulations are in place to protect the financial integrity of the Medicaid program and to curtail prescription drug waste. However, medications paid for by the Medicare prescription drug benefit can be donated by the beneficiary to state agencies and charitable organizations. We believe that this bill could potentially prevent the waste of unused medications purchased by private citizens or other third party health plans such as Medicare Part D, and in doing so, benefit the medically indigent population of the state of Kansas.

Thank you for this opportunity to present these comments. We would be happy to field any questions the Committee may have.

KANSAS
AREA AGENCIES
ON AGING
ASSOCIATION

*Meeting the Needs of Older Kansans*

2910 SW TOPEKA BOULEVARD • TOPEKA, KS 66611 • 785-267-1336 • FAX - 785-267-1337

# House Appropriations Committee
# Testimony in Support of House Bill 2578

**March 22, 2007**

The Kansas Area Agencies on Aging Association (K4A) represents the 11 Area Agencies on Aging (AAA) in Kansas, who collectively serve all 105 counties of Kansas. In Kansas, AAAs are the "single point of entry," coordinating the delivery of publicly funded community-based services. The Area Agency on Aging system is federally, state and locally funded and locally administered. Consequently, service delivery decisions are made at the community level, closest to the seniors needing those services.

The Area Agencies on Aging in Kansas are part of a national network of 655 AAAs. Area Agencies on Aging were established under the Older Americans Act (OAA) in 1973 to respond to the needs of Americans aged 60 and over in every local community. The services available through the Area Agencies on Aging fall into five broad categories: information and access services, community-based services, in-home services, housing and elder rights. Within each category a range of programs is available. The Area Agencies on Aging carry out their federal mandate as "the Leader" on aging issues at the local level. The Kansas Area Agencies on Aging Association works to improve services and supports for all older Kansans and their caregivers.

**I appear before you today in complete support of House Bill 2578**. The Kansas Area Agencies on Aging Association (K4A) believes this change could be very beneficial to seniors in Kansas. That is the great thing about this piece of legislation. House Bill 2578 would not only benefits seniors; it would benefit many Kansans who are considered medically indigent who are served through the federally qualified health centers.

Last year one of my members heard about this legislation being passed in Georgia and wanted to bring this to Kansas. Upon doing research, I found that 14-16 states either had passed this type of legislation or were in the process of passing it. Oklahoma passed the legislation in 2004 and had been operating a program since 2005. Tulsa County has the major operating program in the country because most states that have passed the legislation are still working on rules and regulations.

In January, I had the chance to travel to Tulsa County and spend the day with 4 of the 5 individuals who were responsible for the concept of the prescription drug recycling program. Dr. George Prothro, a retired physician was the originator of the idea. He told me it had bothered him for many years watching all of these costly prescription medications being flushed away, knowing others were going without medications. He was glad that Kansas and other states were interested in this idea.

During my trip I had the chance to tour the pharmacy area. I was amazed and a little sickened seeing all of the recycled medications. I was amazed because it really gave me a visual sense of how much medication was coming in and being used to better the lives of the medically indigent in Tulsa County. I was sickened thinking



**HOUSE APPROPRIATIONS**
**DATE** 3-22-2007
**ATTACHMENT** 7

about across our state and country how much prescription medication is being incinerated or flushed on a regular basis.

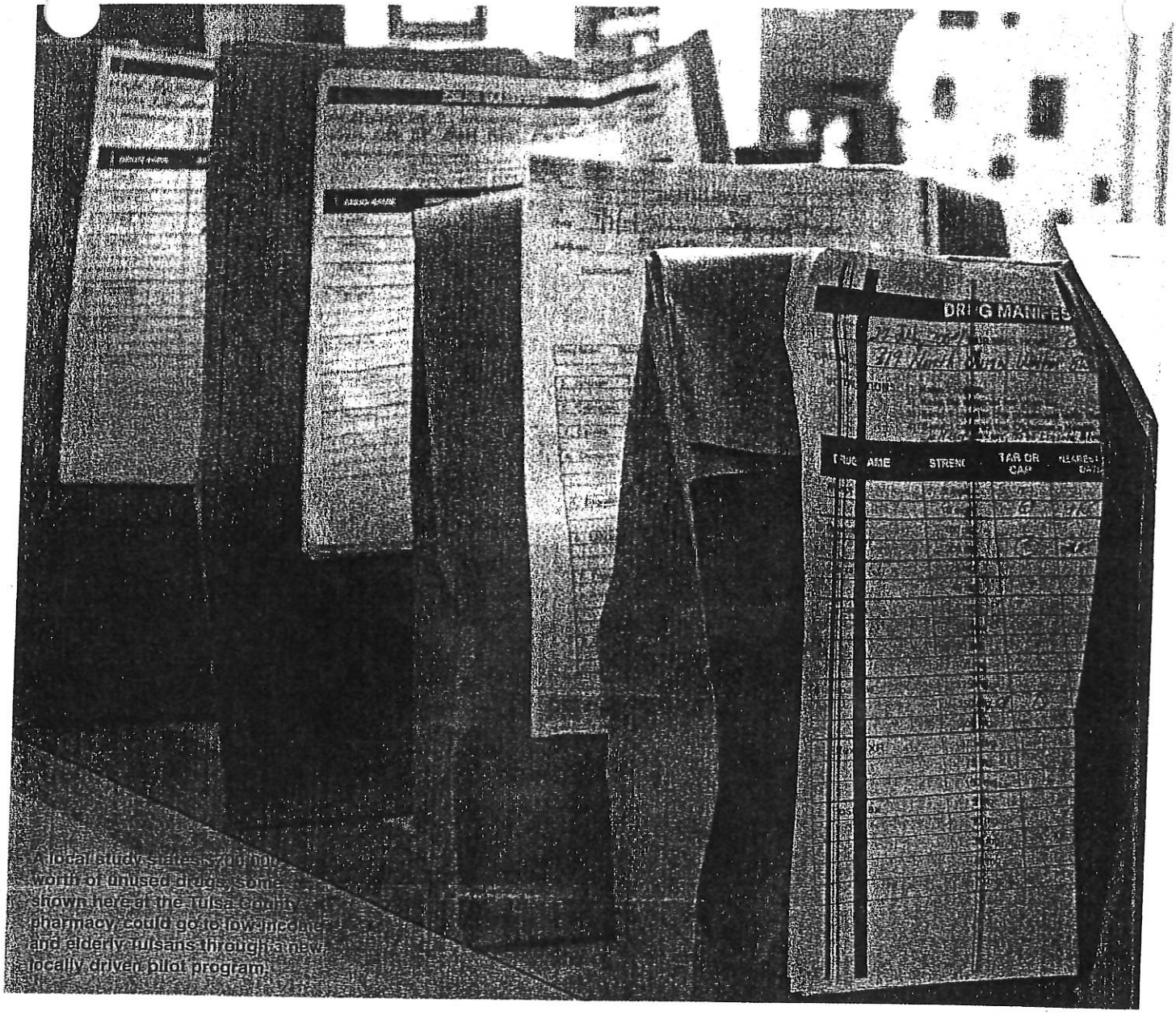
Attached to my testimony is an article from Michael Lapolla, a health policy researcher from Oklahoma State University. Mr. Lapolla estimated if Oklahoma recycled all prescription drugs from nursing homes across Oklahoma, nearly $7 million worth of prescription medications would be recycled annually. His projection for Tulsa County alone was about $1 million annually. During my trip to Oklahoma, Mr. Lapolla estimated that if this was done statewide in Kansas there would be roughly $5.5 million worth of prescription medications recycled.

Madam Chairman, there are many winners in House Bill 2578 – Citizens of all ages who are medically indigent win because this will be another source for medication for them. The nursing home staff wins because they can use their time far better than to have to punch medication out of blister packs. All Kansans win because these medications will no longer be going down the drain and into our water supplies.

House Bill 2578 is a first step in putting these unused prescription medications to better use. No one in Kansas benefits from these unused prescription medications going down a drain.

House Bill 2578 will not solve all of the prescription drug needs in Kansas but it has the potential to address some of these needs. For that reason, the Kansas Area Agencies on Aging Association asks you to pass **House Bill 2578.**

Craig Kaberline, Executive Director
Kansas Area Agencies on Aging Association




A local study states $700,000 worth of unused drugs, some shown here at the Tulsa County pharmacy, could go to low-income and elderly Tulsans through a new, locally driven pilot program.

# Rx recycling

## A local study has resulted in a new law allowing unused prescriptions to be given away to the needy.

**Angie Jackson and Missy Kruse**

Canadian drug imports and the Medicare drug discount cards are symptomatic of a huge American problem. Prescription drugs are expensive.

According to the American Association of Retired Persons, drug costs are rising nearly three times the inflation rate. For the elderly on fixed incomes, increases like this can mean going without.

But a pilot program in Tulsa and Oklahoma Counties appears to have found a way to help more needy people, including the elderly, obtain the medicines they need.

Although its concept is simple, it has taken seven years for local health care and social service advocates to find a way to convince nursing homes, pharmacists and lawmakers of its efficacy.

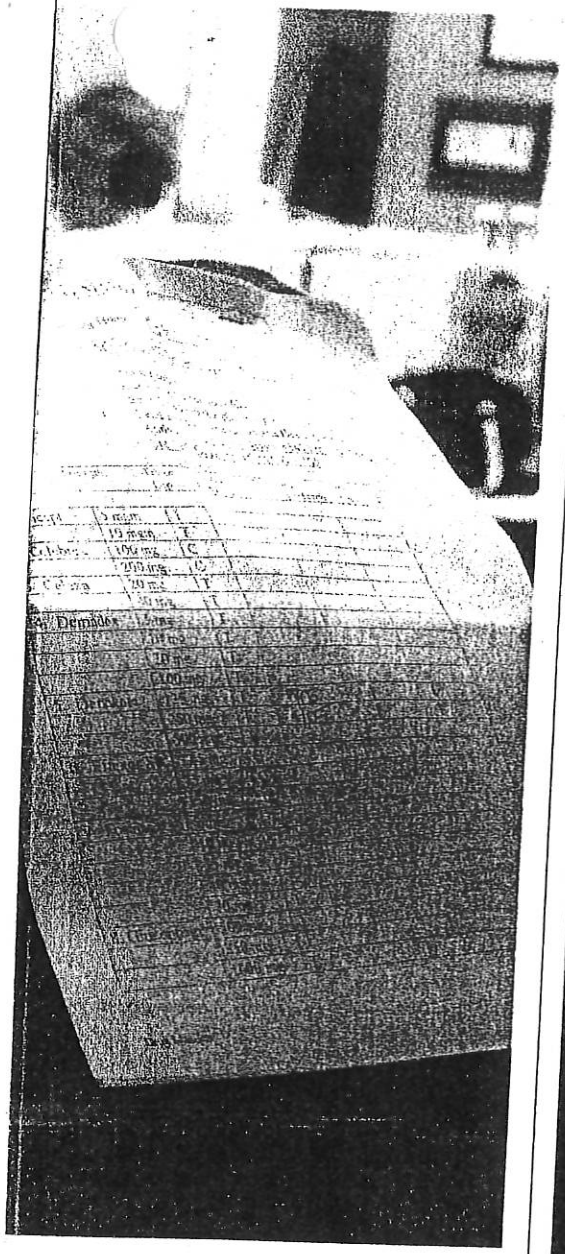
The idea: Recycle unused and safety wrapped blister-pack drugs left at nursing homes when patients no longer need them.

According to a study by the University of Oklahoma Health Sciences Center for Health Policy, it could provide more than $700,000 worth of additional — and free — prescriptions, which can be given to the needy at the Tulsa County pharmacy, proponents say.

Statewide it could provide $7 million worth of additional free prescriptions, says Dr. **George Prothro**, one of those involved in proposing the legislation.

Although a number of people have been involved in the effort, Linda

7-3



**Johnston**, Tulsa County director of social services; State Rep. **Darrell Gilbert**, Dr. **Gerald Gustafson** and Prothro have been credited with talking to various parties and working for the enabling legislation which passed in 2000. That legislation includes the two-county pilot program that will help identify any problems.

The pilot is actually going more smoothly in Tulsa, Prothro says, in part because the Tulsa County pharmacy, which distributes drugs at cost to the poor, is a "full pharmacy;" Oklahoma County's pharmacy provides only a few drugs. They are the only two county-wide pharmacies in the state.

Other Oklahoma communities or counties will be able to institute their own



7-4

versions of the recycling program in January 2005. Participation by nursing homes, communities and pharmacists is voluntary. Already, other states are inquiring about how this plan works.

Under the pilot program, 25 drugs are allowed to be recycled if the drugs are in blister packs — individually encased pills that thwart tampering. The Tulsa County pharmacy distributes the recycled pills. The aim is to use the cache of free medicines before providing drugs at cost, Prothro says.

"But even at cost, many cannot afford their meds," Johnston says. "Medicaid pays for only three prescriptions per month. Others without medical insurance are desperate. I have seen patients cry when they learn that their medications are free."

However, the pilot was difficult to establish. Fifty nursing home operators in Tulsa County had to be convinced they would not be liable for mishaps or added paperwork. The Oklahoma Board of Pharmacy had to be assured that medicines would stay pure and that distribution would be safe.

The genesis of the idea, however, belongs to The Committee on Concerns of Older Tulsans, a subgroup of the Tulsa County Medical Society.

Committee members read a report by **Michael Lapolla**, co-director of the Center for Health Policy. The report stated that $708,000 worth of medicines are thrown away from nursing homes every year in Tulsa County.

"Nursing homes pay pharmacists to destroy leftover pills," Prothro says. "They are flushed down the toilet or incinerated. Both methods pollute."

After visiting with nursing home operators and pharmacists about what might be entailed, "We discovered that only legislation could change the bureaucratic red tape that stymied this simple recycle idea," Gufstason says.

In 2003-2004, the county pharmacy filled 34,537 prescriptions at cost, helping 16,454 low-income Tulsans. The free, recycled drugs will

*Continued on p. 84.*

## Prescription costs – who is hurting?

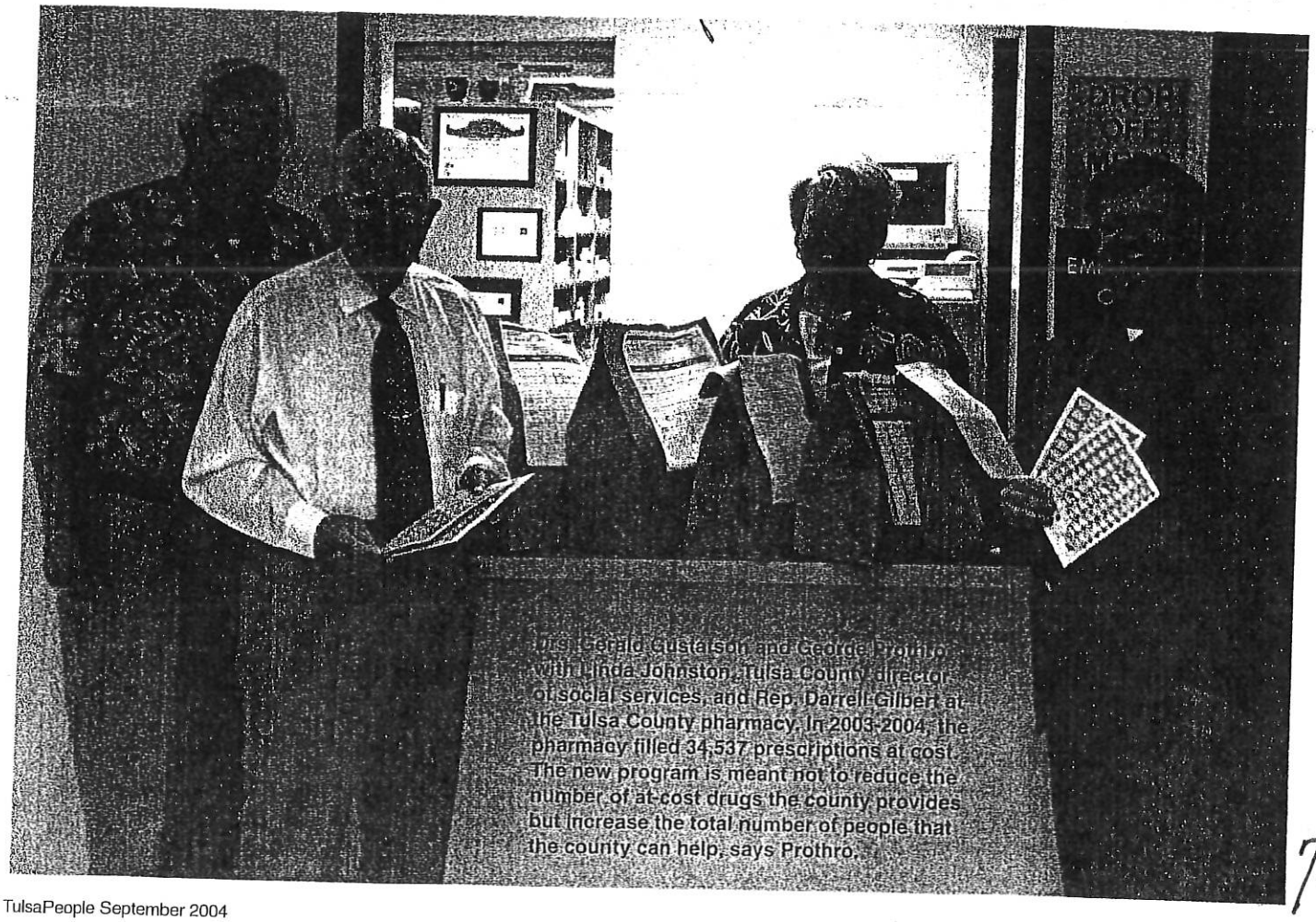
For 71 percent of people over age 65, paying for prescription drugs is a problem, according to an AARP survey.

Of the 2,747 people questioned in a mailed survey in April, 35 percent said prescription costs were a "major problem;" another 36 percent said it was a "minor problem." The survey sample involved those who take an average three prescription drugs a day. Although the sample represented a variety of income levels, 70 percent of those surveyed were receiving some type of assistance in paying for their medications.

Other survey findings:

- Individuals most likely to say that buying prescriptions drugs is a major problem are those with incomes below $18,000 annually. Those individuals comprised 40 percent of the survey.
- Older, low-income, widowed women were most likely to report major difficulties in paying for their monthly prescription drugs.
- About seven in 10 with monthly out-of-pocket expenses more than $200 routinely ask for generic drugs.
- 56 percent favored legalizing prescription drug purchases from Canada.

Source: AARP Web site



Drs. Gerald Gustafson and George Prothro with Linda Johnston, Tulsa County director of social services, and Rep. Darrell Gilbert at the Tulsa County pharmacy. In 2003-2004, the pharmacy filled 34,537 prescriptions at cost. The new program is meant not to reduce the number of at-cost drugs the county provides but increase the total number of people that the county can help, says Prothro.

7-5

*I have seen patients cry when they learn that their medications are free."*

**- Linda Johnston**
**Tulsa County director of social services**

*Continued from p. 82.*

allow the county to help more people, Prothro emphasizes. It is not meant to reduce the amount of at-cost drugs that the county purchases and provides to qualifying residents.

The county recoups about 50 percent of its pharmacy budget, which includes pharmaceuticals, either from the consumer or from an agency which covers the consumer's costs, Johnston says. But the amount of pharmacy funds for drugs is going down.

In 2003-2004, $429,202 was budgeted for pharmaceuticals; for the 2004-2005 fiscal year, it will be $349,101; about an $80,000 cut, she says. With increased demand, increased costs of meds and a reduced budget, the recycled drugs will become even more helpful, she adds.

The pilot program is limited to drugs for Alzheimer's, arthritis, edema, hypertension, angina and mental health disorders. However, the new legislation will cover any drug, except narcotics.

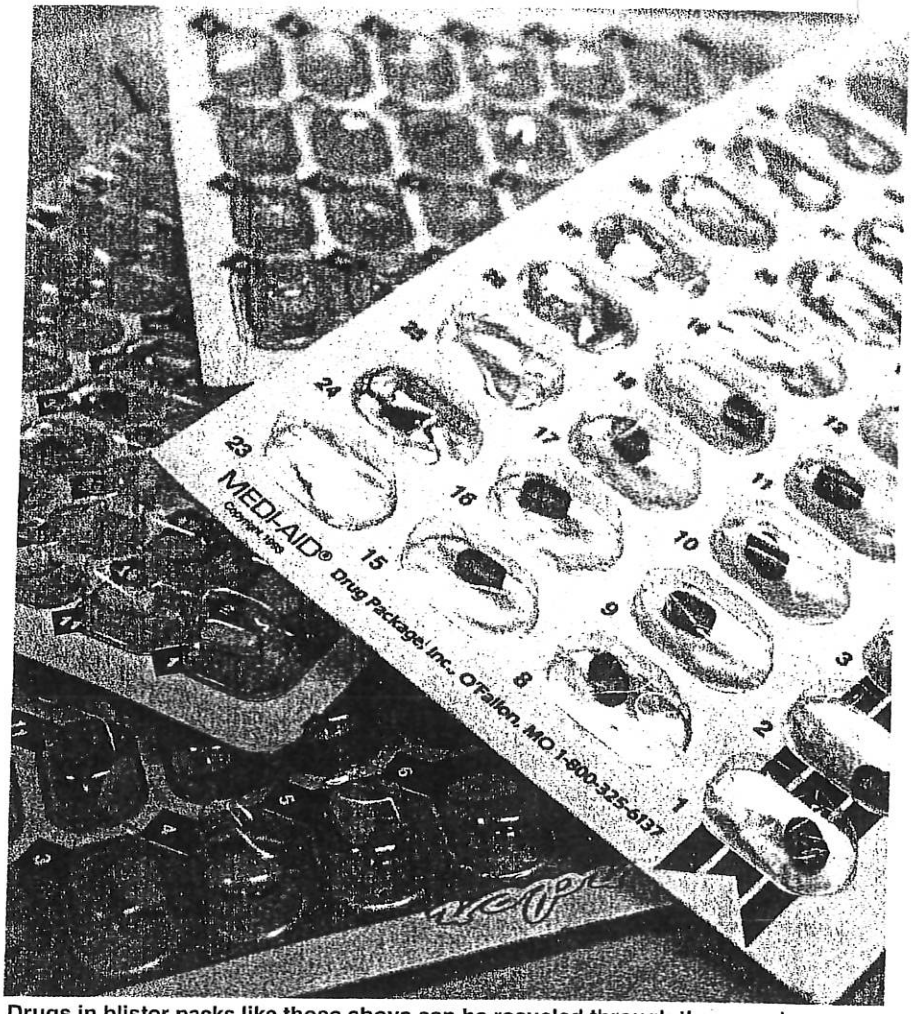
As tested under the pilot program, a pharmacist controls the movements of the drugs. Once the program is statewide, each community or county will work out its own method, but in Tulsa, retired physicians like Gufstafson and Prothro pick up the medications from the nursing home. After a manifest is logged, they deliver them to the county pharmacy.

"I arrived with eight grocery-size bags of meds the other day," Prothro says, "I felt great."

No matter how good they feel over their success, this group is not resting on its laurels.

"Not included in this legislation are much in-demand inhalers, and we want to open it up to generics, too," says Gilbert, who says he wants to see continued progress of their program.

"I represent a low-income area," he says. "Some of my constituents have had to choose between food and pills." ■




**Drugs in blister packs like those above can be recycled through the new plan.**

## Drug prices outpace inflation

Drug prices are continuing to outpace inflation, according to recent studies by the American Association of Retired Persons.

A new study released in late June by AARP finds manufacturers' wholesale prices for the 197 brand name prescription drugs most frequently used by older Americans continued an upward climb.

Prices rose 3.4 percent during the three-month period ending March 31, 2004 compared to a 1.2 percent rate of general inflation for the same period. A previous study released in May showed drug prices rose a cumulative 27.6 percent in 2000-2003 compared to a general inflation rate of 10.4 percent.

The latest report, "Prescription Drugs Used by Older Americans – First Quarter 2004 Update," is the first quarterly update in an ongoing study of changes in prices that drug manufacturers charge wholesalers. The baseline study covered 2000-2003.

Researchers are focusing on manufacturers' price to wholesalers because it is the most substantial component of a prescription drug's retail price, the AARP report notes.

The study, published by the AARP Public Policy Institute, found that 29 percent of the drugs studied had increases in the first quarter of 2004 of more than 5 percent, or more than four times the rate of inflation for the same period.

First quarter increases of more than 7.5 percent were found in almost 11 percent of the drugs.

Of the 25 brand name drugs with the greatest sales in 2003, nearly two-thirds had price increases in the first quarter of 2004.

The study was released in tandem with the latest issue of the "Rx Watchdog Report," a newsletter directed at consumers. The newsletter provides information about pricing issues as well as legislative and legal actions focused on making drugs more affordable.

For more information, visit the AARP Web site: www.aarp.org.

7-6

# Center for Health Policy Research

College of Osteopathic Medicine
2345 Southwest Boulevard, Tulsa, OK 74107


## Health & Medicine Issue Paper

• Prescription Medicines & Nursing Homes •

# A Problem ... A Solution


*... that the Oklahoma legislature provide nursing homes and other similar facilities/organizations the authority to capture unused prescription medications; provided that these medications be voluntarily processed and forwarded to designated local dispensing pharmacies for reissue to medically indigent persons only ...*

## A Perspective

Every month ... in every nursing home in Oklahoma ... a small group of health care professionals will gather to destroy perfectly usable prescription medications. They will spend up to four hours methodically "punching out" pills, one at a time, from blister-packs of prescription medicines. These pills are flushed down toilets, burned in incinerators, or otherwise destroyed. The personnel costs alone of this exercise will likely exceed $1 million. The value of the destroyed drugs is debatable, but is surely in the millions of dollars.

Why are they destroyed? Because nursing homes are complying with existing law. Where do these drugs go? Too often, they are flushed into our public water and sewer systems.

Every year, Oklahomans are asked to contribute to the Oklahoma Low Income Health Care Fund by income tax return checkoff. This appeal has raised less than $40,000 per year. It would take between 50 - 175 years of income tax checkoffs to provide the amount of money that a single change in the law could provide in one year.

## Problem Statement

Medications have historically been dispensed in ways to preclude responsible reuse. Contemporary medications are routinely packaged and distributed in ways to preclude tampering, and thus are available for responsible reissuing. The laws and policies governing these practices are clearly out of synch with contemporary packaging and distribution methods. Additionally, the nursing home workers interviewed for this

*" ... The FDA has concluded that individual States, which have direct responsibility for regulating pharmacies, nursing homes, and LTCFs, are in a better position to make a determination on a case by case basis for the protection of their citizens ... " Jane E. Henney, M.D., Commissioner of Food and Drugs, August 21, 2000*

*(see Exhibit 10, Issue Paper Supplement for full text)*

## • We Conclude •

*This proposal is clearly in the public interest and should not conflict with public safety. The FDA suggests that it may be accomplished via a single act of the Oklahoma Legislature.*

*According to a survey performed by the Texas Medicaid Pharmacy Program, Oklahoma is one of only 12 states that totally prohibits any form of re-use. There are 36 other states that allow some level of drug recycling. Louisiana restricts drug re-use to donations to free clinics, and has a policy similar to that proposed here.*

*In a single act, the Oklahoma legislature could provide millions of dollars for medically indigent people in Oklahoma communities.*

*We recommend that the Oklahoma Senate Interim Study Committee craft a proposed law for enactment in the 2001 legislative session.*


Michael Lapolla, Director
OSU Center for Health Policy Research

Lisa Stell, Research Assistant
OSU Center for Health Policy Research

paper uniformly expressed dismay with the amount of waste required and expressed support for more creative and appropriate uses of the prescription drugs.

Oklahoma nursing homes and other health care organizations are legally required to destroy millions of dollars of unused prescription medications. Medically indigent Oklahomans may not receive necessary medications because of an individual inability to pay, or the inability of agencies to purchase medications for them. This contradiction would not matter if the wasted sums were small. They are not.

The Tulsa County Medical Society has provided state and national leadership to resolve this contradiction. The Society has received support and encouragement from the Oklahoma legislature, American Medical Association, the federal Food and Drug Administration, a host of Oklahoma-based professional organizations, and others in the development of a contemporary and responsible re-use policy.

Existing bureaucracies and processes have allowed restricted prescrition drug re-use. There are 36 states with restricted re-use policies. There are only 12 ... and Oklahoma is one ... that allows no re-use.

Oklahoma should take immediate advantage of the freedom encouraged by the FDA and create the most flexible and responsible use policies for wasted prescription drugs.

## Drugs and Nursing Homes

Few give thought to how prescription medications are obtained and dispensed in nursing homes. It is rare for a nursing home to have an on-site pharmacist available to fill prescriptions. The majority of prescriptions are filled by designated pharmacies that specialize in high-volume packaging, labeling, and distribution.

These pharmacies receive medicines in bulk from pharmaceutical manufacturers. Most medicines are in pill or gel cap form. The pharmacy repackages the medicines in "blister-pack" cards. Normally these medication cards have a one month supply of prescription medicine.

When repackaging these medications, "the blister pack medications are heat sealed. The UPS standard for an expiration date on these medications would be 6 months or 1/4 of the date listed on the original container. " (Exhibit 4).

In the nursing homes, staff will dispense the medicines one dose at a time, while preserving the unused medicine. Upon a change in medication or the transfer/death of a patient, the unused medicines must be destroyed in accordance with existing law, and the policies and procedures of the facility.

It is these medications that could be reused.

## Waste vs. Conservation

Our national health policy literature is marbled with laments of excessive and unnecessary waste, high costs, lack of services to the indigent ... and the uncoordinated efforts that cause them. Proposed responses too often require torturing already complex systems to the point of paralysis.

Our public policy practice is littered with outdated and contradictory practices that cause perceived waste, cost increases, and seem to complicate the delivery of services to the indigent. Oftentimes, these practices appear necessary to preserve the greater public good and public safety. Other times, they are simply artifacts of previous generations.

The perceived prohibition of the responsible reuse of prescription drugs is one of these anachronisms.

In the United States, we take great pride in the reuse of human hearts, corneas, livers, and kidneys. We have yet to muster the creativity and procedures to simply reuse perfectly usable prescription drugs in such a manner as to help many and harm no one.

Surely, it can be easily done. Surely, no one must sacrifice revenue or profits. Surely, this can be a win-win proposal. There appears to be no downside.

Pharmacy managers have indicated that the paperwork and tracking of reused drugs need not be complicated, and could likely be easily accommodated within existing control systems.

Table 1
**Estimates**
**Unused Drugs in Nursing Homes**

| | Oklahoma | National |
|---|---|---|
| NH Patient Census | 25,000 | 1,400,000 |
| Value of Unused Drugs | $2.3-7 M | $73-378 M |

Table 2
**Oklahoma Nursing Homes**
**Estimated Mix of Destroyed Medications**

| Category | Percent |
|---|---|
| Antibiotics | 25% |
| Hypertensives/Cardiac | 25% |
| Analgesics | 20% |
| Gastrointestinal | 15% |
| Diabetes | 10% |
| Other | 5% |
| Total | 100% |

## The Need?

The need for responsible reuse of prescription drugs was a non-issue a generation ago. At that time there were few effective outpatient drugs that made up only a sliver of health care expense. And distribution methods did not lend themselves to reuse models. Today is very different.

There are many powerful drugs that have helped to drastically reduce hospitalizations ... and increase productivity ... of the public. Prescription drugs have become a mainstream therapeutic tool of practitioners. Cardiac care, blood pressure control, diabetes management, disposition control ... are all positively impacted by pharmacology in ways not imaginable 25 years ago. At the same time, delivering necessary care to medically indigent people has become costly and difficult.

There are two ways to fund indigent care services. One is to collect and spend more public revenue. Another is to responsibly redirect wasted resources to indigent care. Consider the political difficulty in raising $7 million dollars to provide needed medications for the medically indigent. It would be politically difficult.

## Cost/Savings Estimates

The Center does not have the resources to conduct a real-time study of nursing home drug use and counts. Even if the funds were available, it is unlikely that important proprietary expense/cost information would be shared on a widespread basis. In any event, the exact amounts used/saved are unlikely to be as important as rational policy discussion and a reasonable estimate methodology.

One methodology is to create alternate savings scenarios using the best information available. Table 3 uses waste ratios from 4-15% ... and drug utilization data from the national average of ALL elderly people up to the amounts provided by a dispensing pharmacy manager based upon their sales.

The May 2000 census of Oklahoma nursing homes was 25,021 filled beds (Joe Lamkin, Oklahoma State Department of Health).

Given these assumptions, it is likely that the statewide savings will range from $2.3 million up to $7 million; savings in the Tulsa MSA will range from $350 thousand to over $1 million; and savings in the Oklahoma City MSA will range from over $500 thousand to almost $1.6 million. In reality, localized savings are most relevant as it is likely impractical to recapture all statewide waste.

It is estimated that the statewide personnel costs of this process approach $1.5 million. If four professionals spend up to 4 hours per month destroying these products per 100 nursing home patients, at an estimated cost of $30/hour, $1.44 million will be incurred.

## Previous Analyses

There are two reviews of this issue that are recent and relevant. One was conducted by the Texas Health and Human Services Commission per direction of the Legislature. It was released less than one month ago. The second was performed in Oklahoma in 1997 pursuant to HB 1130. The full text is in the Resource Supplement brief. An abstract and analysis of the published final reports are as follows:

**Texas Study**

The Health and Human Services Commission formed a workgroup to study the feasibility, benefits, costs, and legal issues of recycling unused nursing home drugs. This study was mandated by legislation enacted by the 76th Texas Legislature. The following is quoted verbatim from the study:

Background

The potential waste caused by destroying unused drugs prescribed for nursing home patients has been a public and legislative concern for over two decades. Continuing cost escalation of prescription drugs has promoted a re-evaluation of this multifaceted issue.

Conclusion

With the receipt of the FDA's policy clarification on recycling nursing home drugs, it does not appear to be cost effective for the State of Texas to implement a recycling program. The policy clarification stipulates that only manufacturer's prepackaged products are allowed in a recycling program. This restriction prevents the legal recycling of an estimated 80% of unused nursing home medications. However, it would be beneficial for the State of Texas to have current data on drug waste in LTCFs to determine a true cost/value analysis.

Recommendation

The workgroup recommends the State of Texas find a more comprehensive research study on the topic of recycling unused nursing home medications. This study would provide the additional information that is essential for performing a cost/value analysis. The workgroup recommends the study should:

1) Determine an accurate estimate of the value of unused drugs destroyed annually, including a breakdown by packaging and dosage forms;

2) Evaluate other states experience to determine costs for development and maintenance of recycling programs;

3) Identify selected clinical, administrative, and technological interventions that would reduce the incidence of medication waste and the feasibility of implementing these systems.

This recommendation, if implemented, would serve as an essential preliminary step in determining the feasibility of establishing a cost-effective prescription-recycling program in Texas.

**Oklahoma Study**
The following is quoted verbatim from the study:

Background
In 1997, the Oklahoma Legislature enacted House Bill 1130 which directed the Oklahoma State Board of Health in concert with the State Board of Pharmacy and the Oklahoma Health Care Authority to conduct a pilot program using anti-ulcer and antiarthritic medications to determine if the use of bubble pack units and the return and reissuance of unadulterated medications is cost-effective and administratively efficient.

Objectives
The purpose of the pilot program is to develop a system to study the number of anti-ulcer and antiarthritic medications destroyed by nursing facilities, to evaluate the costs related to these medications, and to determine the feasibility of returning the medications to the issuing pharmacist for reissue to other residents.

Conclusion
It was the consensus of the participants who evaluated the data, that based on this study, it is not feasible to return the medications to the pharmacy for reissue.

The total impact statewide was figured based on licensed beds rather than occupancy rate. Additional costs are likely to be incurred to maintain a system to ensure the integrity of the medications being returned. Medications returned to the pharmacy with short shelf life remaining may not in some cases be reissued by the pharmacy prior to the expiration date. These factors will reduce the net benefits of the overall effort.

**Observation of Texas/Oklahoma Studies**
The Texas study was recently completed and released in late August/early September 2000. Correspondence dated August 21, 2000 was included and discussed. This correspondence from the FDA seemed to provide states a newly franchised right to make local determinations concerning this issue. This is the first time that such latitude has been formally offered. Given the date of the letter, and date of the report release, it is unlikely that the new FDA position was fully explored and expanded.

The Oklahoma study was limited to anti-ulcer and anti-arthritic medications of Medicaid patients in 12 Oklahoma nursing homes. Savings on a statewide basis were projected from this sample. It is unclear as to what proportion of all medications were represented by the anti-ulcer and anti-arthritic medications. The statewide savings projected was $253,000. This brief will not argue methodology of findings of that study. However, assuming the lowest of waste estimates and the lowest possible drug use figures ... it is arithmetically impossible that the two categories of drugs could comprise more that a fraction all stocked prescription meds in 2000. Additionally, pharmacology advances continually redefine the mix and costs of popular medications; and changing therapies also influence this mix.

It is suggested that the focus of that study was to recoup savings or rebates for the Medicaid program only in the two categories of medications proscribed. Given those restrictions, one may understand how theoretical recycling process may be thought to offer more cost than benefit.

However, providing the recycled drugs to a single outlet, in a specific area, may produce a different cost-benefit ratio. It is these circumstances that neither the Texas nor Oklahoma studies significantly address. And it is these features that make this Tulsa County Medical Society proposal both unique and feasible.

## Analysis & Summary

This brief acknowledges the expertise and diligence of previous considerations given by Boards of Pharmacy and other regulatory agencies. That said, we believe this proposal has several unique features that deserve serious consideration.

This proposal differs from the study objectives in Texas and Oklahoma in two ways.

(1) it is proposed that ALL medications be directed to single identified pharmacies (such as county operated pharmacies) for distribution to medically indigent patients only; and

(2) we believe that simplified regulations may be crafted to allow counties and nursing home groups to either voluntarily participate in recycling to indigent pharmacies ... or continue to destroy the drugs ... whichever is most locally appropriate.

Value of Benefits
There are theoretical savings in every county in Oklahoma. However, these savings may not be "worth it" in low population density areas .. or areas where there are no collegial civic relationships or leadership.

On the other hand, the value to populous areas like Tulsa and Oklahoma counties will likely be significant, particularly if the savings are directed to a single redistribution pharmacy. It would be best if each county could determine the value locally, rather than having a statewide study group determine the value, or lack thereof.

Who Should Benefit?
Some believe that if "recycling" is allowed, it is the right of each patient or insurer to benefit from the recycling. This defeats the economy of scale, civic value, and logistical simplicity of this proposal.

It is likely that a major objection may arise for the principal payor for nursing home care, the Oklahoma Medicaid program. It is suggested that the Medicaid program will benefit much less than will county indigent pharmacies, and that the Oklahoma Health Care Authority excercise leadership in this area by encouraging voluntary and directed recycling to our most needy citizens.

Table 3

**Estimated Range**
**Potential Savings in Oklahoma**

Source for 25,021 Occupied NH Beds
Oklahoma State Department of Health, May 2000

| | Prescription Drugs Per Patient Per Year | | |
|---|---|---|---|
| **Waste** | **$800** | **$1,300** | **$1,800** |
| 4% | $800,672 | 1,301,092 | 1,801,512 |
| 7% | 1,401,176 | 2,276,911 | 3,152,646 |
| 10% | 2,001,680 | 3,252,730 | 4,503,780 |
| 15% | 3,002,520 | 4,879,095 | 6,755,670 |

**Tulsa MSA**

Tulsa, Creek, Osage, Rogers and Wagoner Counties

| **Waste** | **$800** | **$1,300** | **$1,800** |
|---|---|---|---|
| 4% | 123,456 | 200,616 | 277,776 |
| 7% | 216,048 | 351,078 | 486,108 |
| 10% | 308,640 | 501,540 | 694,440 |
| 15% | 462,960 | 752,310 | 1,041,660 |

**Oklahoma City MSA**

Oklahoma, Cleveland, Canadian,
McClain, Pottawatomie and Logan Counties

| **Waste** | **$800** | **$1,300** | **$1,800** |
|---|---|---|---|
| 4% | 189,216 | 307,476 | 425,736 |
| 7% | 331,128 | 538,083 | 745,038 |
| 10% | 473,040 | 768,690 | 1,064,340 |
| 15% | 709,560 | 1,153,035 | 1,596,510 |

**Notes:**

Waste Percentages: The Texas State Medicaid Report provides several estimates of the percentage of prescription drugs destroyed. They are 4% (1991 Texas study); 6.7% (Massachussetts study in 1992); up to 10% (American Medical Directors Association). In addition, an informed Oklahoma pharmacy manager strongly believes that the waste may be up to 15%. The table above uses all four estimates.

Annual Drug Usage: HCFA Office of Strategic Planning reported that the average annual cost of prescription medicine for ALL Medicare beneficiaries in 1995 was $600. It is not unreasonable to assume that cost would be up to $800 in 2000. An informed Oklahoma pharmacy manager has reported that his organization will provide $1,800 of medications per nursing home patient in 2000. It is not unreasonable to assume that the annual cost for nursing home residents will be between $1,300 - $1,800. Therefore these values are used in the above tables.

Savings: The estimated savings are calculated by multiplying the annual drug usage times percent wasted times nursing home census.

**Findings**

The estimated range of potential "savings" is determined by the 7-15% waste estimate, and the $1,300 - 1,800 annual use estimate. Given these assumptions, is likely that the statewide savings will range from $2.3 million up to $7 million; savings in the Tulsa MSA will range from $350 thousand to over $1 million; and savings in the Oklahoma City MSA will range from over $500 thousand to almost $1.6 million.

## Policy Development Timeline

- *1961: the Oklahoma legislature enacted 59-353-24 that made it an unlawful act to reuse prescription drugs under any circumstances. (Exhibit 1, Resource Supplement)*

- *1980: the federal Food and Drug Administration enacted a policy guideline stating a similar position. (see Exhibit 2, Resource Supplement)*

- *1993: the Oklahoma legislature amended 59-353-24 to include "except as provided by the State Board of Pharmacy." (Exhibit 1, Resource Supplement)*

- *1997: the American Medical Association passes a policy statement endorsing the responsible recycling of prescription drugs from nursing homes. (Exhibit 3, Resource Supplement)*

- *1998: the State Board of Pharmacy denies having any authority to issue rules for reuse of prescription drugs. The Board cited state law, State Health Department rules, and FDA guidelines. (Exhibit 4, Resource Supplement)*

- *2000 (Feb): the FDA states that "the agency would not object if sealed, tamper-evident, within-date medications are returned to the dispensing pharmacy by nursing homes or other LTCFs if the AMA requirements are met ..." (Exhibit 5, Resource Supplement)*

- *2000 (May): the Oklahoma legislature did not act upon legislation proposed to create a Special Task Force to resolve this issue. Instead, the Senate President Pro Tem created an Interim Study Committee. (Exhibit 6-7-8, Resource Supplement)*

- *2000 (Aug): The FDA writes that it "has concluded that individual States, which have direct responsibility for regulating pharmacies, nursing homes, and LTCFs, are in a better position to make a determination on a case by case basis for the protection of their citizens." (Exhibit 10, Resource Supplement)*

*Per the recent FDA letter, (Exhibit 10, Resource Supplement) it seems clear that the Oklahoma Board of Pharmacy has both the legal authority, and federal encouragement, to proscribe the policies for the responsible recycling of unused prescription drugs.*

*Perhaps it is best to enact a clear and defined law that supersedes all existing law, regulations, policies and rules. Many states have gingerly regulated some re-use. No state has yet addressed this issue comprehensively. Many have expressed interest in Oklahoma's leadership. Oklahoma could be, and should be, the first to recognize the net social value of this measure.*

Table 4

## Estimated Nursing Home Prescription Drug Potential Savings Per County

Source for NH Occupied Beds: Oklahoma State Department of Health, May 2000.
Expense is estimated to be a range of $1,300 (lower) - $1,800 (upper) per patient per year. See discussion at Table 3.
Savings is estimated to be a range of 7-15% of expense. See discussion at Table 3.

| County | Patients | Lower | Upper |
|---|---|---|---|
| Adair | 132 | $12,012 | $35,736 |
| Alfalfa | 77 | 7,007 | 20,799 |
| Atoka | 120 | 10,920 | 32,444 |
| Beaver | 45 | 4,095 | 12,220 |
| Beckham | 172 | 15,652 | 46,353 |
| Blaine | 182 | 16,562 | 49,149 |
| Bryan | 337 | 30,667 | 90,938 |
| Caddo | 245 | 22,295 | 66,176 |
| Canadian | 474 | 43,134 | 128,032 |
| Carter | 520 | 47,320 | 140,383 |
| Cherokee | 286 | 26,026 | 77,176 |
| Choctaw | 162 | 14,742 | 43,696 |
| Cimarron | 32 | 2,912 | 8,771 |
| Cleveland | 884 | 80,444 | 238,776 |
| Coal | 64 | 5,824 | 17,228 |
| Comanche | 498 | 45,318 | 134,382 |
| Cotton | 72 | 6,552 | 19,553 |
| Craig | 172 | 15,652 | 46,431 |
| Creek | 530 | 48,230 | 143,074 |
| Custer | 248 | 22,568 | 66,951 |
| Delaware | 390 | 35,490 | 105,195 |
| Dewey | 120 | 10,920 | 32,348 |
| Ellis | 52 | 4,732 | 13,970 |
| Garfield | 876 | 79,716 | 236,651 |
| Garvin | 489 | 44,499 | 132,030 |
| Grady | 356 | 32,396 | 96,007 |
| Grant | 89 | 8,099 | 23,934 |
| Greer | 59 | 5,369 | 16,000 |
| Harmon | 92 | 8,372 | 24,796 |
| Harper | 44 | 4,004 | 11,854 |
| Haskell | 103 | 9,373 | 27,871 |
| Hughes | 250 | 22,750 | 67,387 |
| Jackson | 247 | 22,477 | 66,734 |
| Jefferson | 147 | 13,377 | 39,707 |
| Johnston | 104 | 9,464 | 27,975 |
| Kay | 346 | 31,486 | 93,411 |
| Kingfisher | 166 | 15,106 | 44,933 |
| Kiowa | 179 | 16,289 | 48,382 |
| Latimer | 90 | 8,190 | 24,387 |
| LeFlore | 417 | 37,947 | 112,546 |
| Lincoln | 210 | 19,110 | 56,752 |
| Logan | 384 | 34,944 | 103,750 |
| Love | 67 | 6,097 | 18,029 |
| Major | 119 | 10,829 | 32,104 |
| Marshall | 145 | 13,195 | 39,028 |
| Mayes | 249 | 22,659 | 67,125 |
| McClain | 135 | 12,285 | 36,433 |
| McCurtain | 353 | 32,123 | 95,266 |
| McIntosh | 224 | $20,384 | $60,436 |
| Murray | 168 | 15,288 | 45,290 |
| Muskogee | 747 | 67,977 | 201,751 |
| Noble | 249 | 22,659 | 67,160 |
| Nowata | 152 | 13,832 | 41,005 |
| Okfuskee | 147 | 13,377 | 39,760 |
| Oklahoma | 3,548 | 322,868 | 957,908 |
| OKC MSA | 5,913 | 538,083 | 1,596,449 |
| Okmulgee | 423 | 38,493 | 114,236 |
| Osage | 184 | 16,744 | 49,741 |
| Ottawa | 240 | 21,840 | 64,765 |
| Pawnee | 75 | 6,825 | 20,259 |
| Payne | 434 | 39,494 | 117,075 |
| Pittsburg | 502 | 45,682 | 135,557 |
| Pontotoc | 416 | 37,856 | 112,250 |
| Pottawatomie | 487 | 44,317 | 131,551 |
| Pushmataha | 142 | 12,922 | 38,427 |
| Roger Mills | 26 | 2,366 | 7,037 |
| Rogers | 377 | 34,307 | 101,764 |
| Seminole | 328 | 29,848 | 88,612 |
| Sequoyah | 333 | 30,303 | 90,006 |
| Stephens | 471 | 42,861 | 127,240 |
| Texas | 66 | 6,006 | 17,916 |
| Tillman | 131 | 11,921 | 35,361 |
| Tulsa | 2,625 | 238,875 | 708,846 |
| Tulsa MSA | 3,858 | 351,078 | 1,041,747 |
| Wagoner | 142 | 12,922 | 38,323 |
| Washington | 355 | 32,305 | 95,920 |
| Washita | 185 | 16,835 | 49,854 |
| Woods | 159 | 14,469 | 42,869 |
| Woodward | 155 | 14,105 | 41,972 |
| **State** | **25,021** | **2,276,911** | **6,755,766** |

| County | Patients | Lower | Upper |
|---|---|---|---|
| OKC MSA | 5,913 | $538,083 | $1,596,449 |
| Tulsa MSA | 3,858 | 351,078 | 1,041,747 |
| Northeast | 4,940 | 449,540 | 1,333,765 |
| Southeast | 4,412 | 401,492 | 1,191,371 |
| Northwest | 2,457 | 223,587 | 663,477 |
| Southwest | 3,441 | 313,131 | 928,957 |
| **Totals** | **25,021** | **$2,276,911** | **$6,755,766** |



7-12

7-13

# Tulsa County Medical Pharmacy

## Recycled Medication Program

2401 Charles Page Blvd Tulsa, Oklahoma 74127

Phone: (918) 596-5560 FAX: (918) 596-5562

## 2006

| | JAN | FEB | MAR | APRIL | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | TOTALS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| # of Scripts | 846 | 810 | 900 | 801 | 981 | 1,047 | 1,048 | 942 | 899 | 972 | 919 | 787 | 10952 |
| AWP Value | $ 100,606 | $ 56,861 | $ 70,562 | $ 66,434 | $ 69,970 | $ 83,197 | $ 83,105 | $ 56,843 | $ 57,544 | $ 60,760 | $ 93,314 | $ 74,472 | $ 873,668 |
| Donations | 21 | 20 | 28 | 17 | 24 | 17 | 15 | 21 | 17 | 24 | 18 | 19 | 241 |
| # of Transports | 21 | 20 | 28 | 17 | 24 | 17 | 15 | 21 | 17 | 24 | 18 | 19 | 241 |
| # of Doctors | 20 | 20 | 26 | 10 | 14 | 13 | 10 | 16 | 14 | 16 | 13 | 9 | 181 |
| # Picked Up by Others | 1 | 0 | 2 | 6 | 9 | 3 | 5 | 4 | 3 | 8 | 3 | 3 | 47 |

7-14

# Tulsa County Medical Pharmacy

## Recycled Medication Program

2401 Charles Page Blvd
Tulsa, Oklahoma 74127
Phone: (918) 596-5560 FAX: (918) 596-5562

## 2005

| | JAN | FEB | MAR | APRIL | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | TOTALS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| # of Scripts | 75 | 111 | 230 | 344 | 446 | 540 | 643 | 724 | 810 | 734 | 708 | 749 | 6114 |
| AWP Value | $ 24,970 | $ 13,990 | $ 26,720 | $ 44,834 | $ 46,690 | $ 84,049 | $ 68,760 | $ 108,478 | $ 181,450 | $ 186,730 | $ 282,407 | $268,590 | $ 1,337,668 |
| Donations | 1 | 8 | 11 | 14 | 12 | 12 | 15 | 20 | 19 | 14 | 14 | 16 | 156 |
| #ofTransports | 1 | 8 | 11 | 14 | 12 | 12 | 15 | 20 | 19 | 14 | 14 | 16 | 156 |
| # of Doctors | 1 | 8 | 11 | 11 | 10 | 12 | 11 | 13 | 11 | 10 | 10 | 12 | 120 |

KANSAS

DEPARTMENT OF HEALTH
AND ENVIRONMENT
Division of Health

*Kathleen Sebelius, Governor*
*Roderick L. Bremby, Secretary*

www.kdheks.gov

**Testimony on**

**House Bill 2578**

**House Appropriations Committee**

**Presented by**
**Chris Tilden, PhD, Director**
**Office of Local and Rural Health**

**March 22, 2007**

Chairperson Schwartz and Members of the Committee, I am Chris Tilden, Director of the Office of Local and Rural Health in the Kansas Department of Health and Environment (KDHE). I'm pleased to appear before you today to provide comments on House Bill 2578, a bill to permit adult care homes to voluntarily distribute unused medications to clinics that provide care to medically indigent patients in the state.

As health care and prescription drug costs continue to rise, many families across the state are forced with the choice of buying medications or meeting other needs such as food and shelter. This bill would allow unused and unexpired medications that have been kept in controlled storage units, and that are in their original sealed unit dose packaging or in an unused injectable syringe, to be donated to eligible indigent care clinics that would dispense the medications to medically indigent residents of Kansas. No controlled substances would be donated.

The indigent care clinics are an essential part of the medical safety net in the state of Kansas. Since 1991, KDHE has provided technical and financial assistance to these clinics through the Community-based Primary Care Clinic Grant Program. From the beginning, the mission of this Program has been to establish primary care clinics in high need areas throughout Kansas where poverty, lack of insurance, or inability to retain a private medical provider was a barrier to accessing continuous health care. Each clinic in the Program is community based and governed by a local board. The type of services provided, staffing and target areas are determined by locally-defined community needs and resources that vary from clinic site to clinic site. Recognizing the growing challenge of accessing affordable drugs for medically indigent Kansans, a prescription drug assistance program was created in 2005 to improve access to pharmaceuticals for patients served in public and non-profit primary care clinics. This new program would provide another resource to ensure access to pharmaceuticals for those Kansans in need who use this critical safety net system.

OFFICE OF LOCAL AND RURAL HEALTH
CURTIS STATE OFFICE BUILDING, 1000 SW JACKSON ST., STE. 340, T
Voice 785-296-1200 Fax 785-296-1231

This bill calls for the secretary of health and environment to maintain records of program participation including the number of facilities donating medications, recipient locations, the amount of medications received and the number of clients served. The state's primary care clinics already have a mechanism for reporting statistical data through the Primary Care Clinic Grant Program. As such, we do not believe passage of the bill would require additional resources for program management. It is true that recent growth of the Primary Care Clinic Grant program and other primary care programs has created a critical need for additional staff resources in KDHE's Primary Care Office. However, the agency has already requested 1.0 FTE program analyst for the primary care clinic program in the SFY 2008 budget. The added agency responsibilities generated by the passage of this act would be assigned to that new staff person, and passage of this bill would make the additional position even more essential.

Thank you for the opportunity to appear before this Committee. I will be happy to respond to any questions you might have.

**Testimony on**
**House Bill 2578**
**House Appropriations Committee**
**Presented by**
**Marilyn Page, LSCSW, PhD, Executive Director**
**Marian Clinic**

March 22, 2007

Chairperson Schwartz and Members of the Committee, I am Marilyn Page, Executive Director of Marian Clinic, one of the thirty-three safety-net clinics in Kansas. I ask that you support House Bill 2578 that will allow adult care homes to voluntarily distribute unused medications to clinics such as Marian Clinic that provide care to the medically indigent patients in the state.

As you probably know, people without health insurance often postpone taking care of their health problems. Many avoid going to a doctor in private practice because of the expense incurred. Some avoid the emergency room for the same reason. By the time clinics see these patients, many of them have critical health issues that need to be addressed.

Thank you for the big help you gave to clinics in 2005 when grant money was provided through KDHE to hire a medication assistant. This medication assistant enrolls patients in the pharmaceutical company programs that offer free name brand drugs to qualified individuals. The staff position and the programs have been a godsend. In the past year, our clinic alone has secured meds with a market value of nearly $1 million.

Passing this bill will add another missing piece to the picture puzzle. There is a time gap between when we first apply for the pharmaceuticals and when we receive the patients' medications. It can take four to six weeks to receive the first supply by mail. Just recently, for example, a 47-year-old patient with cardiac problems was hospitalized to undergo multiple procedures. He was dismissed from the hospital with seven prescriptions. Although most were common medications, we had only two of them on hand to help him out. He was eligible for the drug company programs, but waiting a month or more was dangerous for him. Patients presenting with seizure disorders, hypertension or diabetes frequently need medications immediately or they will suffer serious complications.

This is where I think the unused medications from the adult care homes would be quite important. Our physicians could prescribe these medications for patients to "hold them over" till the mail orders come in. Right now, we must rely on donated samples to fill the gap, but often we don't have what we need. Donated sample meds are far less plentiful than in the past.

By passing House Bill 2578 you will be strengthening the clinics' ability to give timely care to patients in need. You may also help hospitals avoid the bigger financial burdens of uncompensated care, as people will get helped before they are desperately ill. I urge your support so that the clinics can be more effective in promoting healthier lives for the uninsured.

**HOUSE APPROPRIATIONS**

**DATE** 3-22-2007
**ATTACHMENT** 9

KHCA
KANSAS HEALTH CARE ASSOCIATION

117 SW 6th Avenue, Suite 200
Topeka, Kansas 66603
(785) 267-6003 Phone
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www.khca.org Website
khca@khca.org E-mail

kcal ahca

March 22, 2007

**Committee on Appropriations**

Madam Chairwoman and Committee members:

On behalf of the Kansas Health Care Association which represents over 180 nursing homes, assisted living, and nursing facilities for mental health and other long term care providers I thank you for the opportunity to provide support for House Bill 2578, the unused medications act.

The Kansas Health Care Association supports this program as good public policy and as a positive program for Kansans across the state. KHCA has been working with Representative Wolf and her work group to come up with legislation that would work for all parties involved.

We have been in consultation with administrators and also pharmacists across our membership and they tell me stories of how many packages of medicines are destroyed on a monthly basis. At this point the medications have to be destroyed by the consulting pharmacist and the nurse, or at the very minimum two licensed staff. We believe if given the opportunity facilities would rather see the meds donated rather than our "tax dollars" being tossed aside. And we are all taxpayers!

In the fact, that the Kansas Department on Aging has regulatory oversight of disposal of drugs and biologicals pursuant to KAR 28-39-156, we hope KDOA continues to work in a cooperative manner in the successful implementation of the unused medications act.

We ask that you consider this legislation positively.

Cindy Luxem
CEO/President
Kansas Health Care Association

HOUSE APPROPRIATIONS
DATE 3-22-2007
ATTACHMENT 10

KAHSA
creating the future of aging services

To: Sharon Schwartz, Chairperson and Members, House Appropriations Committee
From: Debra Zehr, President
Date: March 22, 2007

# Testimony in Support of House Bill 2578

The Kansas Association of Homes and Services for the Aging (KAHSA) represents 160 not-for-profit nursing homes, retirement communities, hospital long-term care units, assisted living facilities, senior housing and community service providers serving over 20,000 older Kansans every day.

We ask for your support of House Bill 2578, which would enable unused medications to be salvaged (instead of being destroyed) and make them available for use by indigent persons. This bill would establish a system that makes sense from many viewpoints – it would enable those doing without needed medication to obtain it, it would save the state a significant amount of money and it would prevent environmental contamination.

Thank you for your favorable consideration of House Bill 2578. I would be happy to answer questions, as would Mary Sloan, Director of Government Affairs for KAHSA or John Peterson or Bill Brady, KAHSA's "on the ground" people at the Statehouse.

785.233.7443
kahsainfo@kahsa.org
fax 785.233.9471

HOUSE APPROPRIATIONS
DATE 3-22-2007
ATTACHMENT 11

KANSAS

DEPARTMENT ON AGING
KATHY GREENLEE, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

**Testimony on HB 2578**
**to**
**The House Committee on Appropriations**

**by Barbara Conant**
**Director of Public Affairs**

**March 22, 2007**

Rep. Schwartz and members of the House Appropriations Committee, thank you for the opportunity to appear before you today in support of HB 2578/the utilization of unused medications act.

Early in our discussions about this issue, adult care homes expressed concern regarding their ability to donate unused medications under the act. They were concerned that donating unused medications would conflict with KDOA survey regulations. Both state and federal regulations currently require the facility and a licensed pharmacist to be responsible for the "disposition" of drugs and biologicals. "Disposition" is defined as the process of returning, releasing and/or destroying discontinued or expired medications.

Regulation changes will not be necessary since current regulations state that the facility must dispose of drugs in a manner that ensures the safety of residents. Therefore, as long as participation in this program is voluntary, current regulations would allow facilities to donate unused medications as outlined in HB 2578.

If the bill passes, KDOA nursing facility surveyors would be informed that an adult care home may dispose of drugs by donating unused medications to a Kansas safety net clinic. However, if a facility chooses to participate in the utilization of unused medications act, the facility cannot deny a resident admission if he or she chooses not to donate their unused medications.

KDOA appreciates being involved in the drafting of HB 2578 and would encourage your support.

NEW ENGLAND BUILDING, 503 S. KANSAS AVENUE, TOPEK
Voice 785-296-4986
http://www.agingkansas.org

HEALTH PARTNERSHIP CLINIC
OF JOHNSON COUNTY

8600 WEST 95TH STREET
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(913) 648-2266
FAX: (913) 648-1787

**Testimony on**

**House Bill 2578**

**House Appropriations Committee**

**Presented by**
**Amanda Lowe, CEO**
**Health Partnership Clinic of Johnson County**

**March 22, 2007**

Chairperson Schwartz and Members of the Committee, I am Amanda Lowe, Chief Executive Officer of the Health Partnership Clinic of Johnson County. I appreciate the opportunity to provide my support for House Bill 2578, a bill to permit adult care homes to distribute unused medications to clinics providing care to medically indigent patients.

The Health Partnership Clinic of Johnson County provides affordable access to quality primary medical and dental care for Johnson County's low-income, medically uninsured residents through partnerships with medical, dental, volunteer and community resources. House Bill 2578 provides us another excellent opportunity to partner with adult care homes to utilize their unused resources for the benefit of our medically indigent patients.

As I have worked with the low-income, uninsured population for a number of years, I can speak from this experience of the plight some people face due to lack of access to medications to treat their diseases and the devastating consequences from lack of treatment.

Our clinic provides treatment for acute illnesses such as infections, viruses, and other ailments that might lead to missed school and work days. Additionally, the clinic provides treatment for chronic illnesses such as hypertension, high cholesterol, diabetes, asthma and other diseases that place a person at risk for severe health consequences without care. In fact, approximately 60% of our patient population suffers from a chronic illness. Our goal is to provide treatment and medications that will control their chronic conditions, and keep them from suffering long-term disabilities or premature death that often result from conditions left untreated. These chronic diagnoses generally require long-term medical treatment and maintenance medications. Since medical care without pharmacological therapy is almost useless, providing pharmacy support to our patients is critical. However, the costs of providing medications continue to increase. In 2006, the Health Partnership Clinic accessed more than $669,000 worth of medications through Medication Assistance Programs offered through the pharmaceutical companies. While these programs are helping a great many people, from the application process to approval to shipment, a 6- 8-week time period has lapsed before the patient actually has the medication, and not all medications are available. During this lag time, patients are then responsible for purchasing their own medications. More times than not, the patient cannot afford the medication and forgoes treatment until they receive the shipment. This 6-8 week period without drug treatment often jeopardizes the health of the patient and proves more expensive than the medications through lost productivity and avoidable health care costs.

A typical patient at the Health Partnership Clinic, Jane Doe, a 55-year-old white female is diagnosed with Diabetes Type II, hypertension, COPD, hype

Her medications include Albuterol, Vytorin, Zocor, Metformin, Hyzaar, Avandia, Cardizem, and Protonix. Retail cost would total approximately $ 700.00 per month.

Despite general appearances of affluence, the number of Johnson County residents living in poverty is increasing. United Community Services of Johnson County (UCS), which monitors human service needs, offers statistics that reveal this other side of the story:

- The number of Johnson County residents living below the federal poverty level more than doubled from 1990 to 2005, increasing to 27,350 or 5.4% of the population.
- The largest increase in poverty is among adults age 18 to 64 – an 83% increase from 2000 to 2005.
- Three of five persons below the poverty level live in family households (4,615 households, or 3.5% of all family households).
- One in seven female-headed households with children lives in poverty;
- Approximately 34,718 residents are uninsured.
- The vast majority of residents living in poverty is working adults (two of three poor adults work) and is most likely to be female (Six of 10 poor adults age 18-64 are women).

House Bill 2578 would provide clinics with much needed resources to meet the medication needs of our patients. Assisting them in controlling their chronic conditions would reduce the need for non-emergent care in local emergency rooms and allow patients to be a productive part of their local workforce.

Additionally, it allows for the usage of resources, not the elimination of them. Adult care homes now must dispose of unused medications. This provides an opportunity for Kansans to help Kansans.

On behalf of those we serve at the Health Partnership Clinic and those that would benefit from the passage of this bill, I ask that it be approved.

Thank you for the opportunity to appear before you today. I will be happy to respond to any questions.

Johnson
County
Agency
On
Aging

11811 S. Sunset, Suite 1300
Olathe, KS 66061-7056
913-715-8860

# MEMORANDUM

**DATE:** March 21, 2007

**TO:** Representative Sharon Schwartz
Chairperson
Kansas House Appropriations Committee

Members of the Kansas House Appropriations Committee

**FROM:** Linda Wright, RN, MPA
Director
Johnson County Area Agency on Aging

**RE:** HB 2578

---

Thank you for the opportunity to provide written testimony in support of HB 2578 regarding the utilization of unused medications. Although the committee may already be aware of the following information, a 2001 study published in the *Journal of Family Medicine*, estimates that $1 billion in prescription drugs, prescribed to elderly patients, are discarded each year in the United States. This seems an incredible waste—both in terms of financial resource and potential human benefit. Other studies on costs affiliated with wasted medications in long-term care facilities further underscore the benefit to redistribution.

Today, many working poor go without needed medications because the cost exceeds their ability to pay. Older adults who reach the infamous Medicare Part D, "doughnut hole," may not be able to afford medications during the coverage interruption, and could be faced with having to decide whether to pay for medications, food or utilities. In a 2006 article in *Medical Care Research*, the authors describe the under use of necessary prescription medications by individuals to include not filling prescriptions, delayed filling of prescriptions and taking medications less frequently than prescribed in order to "stretch" the supply. The failure of people in these studies to get the medications they needed and to take them as needed was dependent upon age, health status and level of wealth. This bill, if passed, has the potential to provide medication assistance to the poor and the uninsured in our state, to positively contribute to their health and to achieve cost efficiencies.

On a personal level, last year I experienced the dismay of seeing a large supply of medications discarded following my mother's death, because there was no other option. Having spent the majority of my career the field of aging and community work both as a geriatric nurse and an administrator, I knew first hand how many adults, young and old, and on limited income, could have made use of my mother's medications. These medications were sealed, were non-narcotic, were clearly marked with expiration dates and many were expensive. Had this legislation been in place, I might have been able to make these medications available to others in need rather than having them discarded.

Thank you for your positive consideration of this bill and the potential to create a system for legitimate return and reuse of medication in Kansas.

Caritas Clinics, Inc.

Saint Vincent Clinic • 818 N. 7th Street • Leavenworth, KS 66048
Phone: 913-651-8860 Fax: 913-682-4409

Duchesne Clinic • 636 Tauromee • Kansas City, KS 66101-3042
Phone: 913-321-2626 Fax: 913-321-2651

**Written Testimony of**
**House Bill 2578**
**House Appropriations Committee**

**Submitted by**
**Amy Falk**
**Executive Director**
**Caritas Clinics, Inc.**
**(Duchesne Clinic in Wyandotte County**
**Saint Vincent Clinic in Leavenworth County)**

As the director of two safety net primary health care clinics, I am pleased to offer my support for House Bill 2578, a bill to permit adult care homes to distribute unused medications to clinics such as Caritas Clinics, Inc.

Caritas Clinics, Inc. is comprised of Duchesne Clinic in Wyandotte County, Kansas and Saint Vincent Clinic in Leavenworth County, Kansas. The clinics provide primary health care services to those individuals who have no form of medical insurance including Medicare and Medicaid or private insurance. Individuals receiving care at the clinics must live at or below 150 percent of the Federal Poverty Guidelines.

Having provided over 200,000 patient visits since their inception, Caritas Clinics seek to improve the health of the community, one patient at a time, and to provide primary medical care that helps patients become prevention oriented rather than disease oriented. Clinic patients are seen on-site by mid-level (i.e. physicians' assistants or nurse practitioners) staff providers or by one of more than 50 volunteer physicians.

It is estimated that over 65 percent of our patient population suffers from one or more chronic diseases such as hypertension, diabetes or depression. As such, medications needed to help control their conditions are in significant demand. While the clinics participate in the pharmaceutical companies indigent medication programs, there is a continual need for medication. Of note, the clinics access over $120,000 worth of medications through these programs each month. If the needed medication is not accessible through the pharmaceutical companies indigent care programs, then in most cases, the patient is responsible to purchase the medication. More times than not, the patient cannot afford the medication, or has to choose between paying for medication or other necessities, such as food or rent.
House Bill 2578 would provide the clinics with a much needed additional resource to meet the medication needs of our patients. Although each patient has a unique set of needs, there is no doubt that having access to additional medications would make a difference for many of our patients.

Further, it would be an efficient and productive use of resources to make these medications available, rather than destroying them. These medications could be used to help Kansans in need. On behalf of our patients, I ask for your favorable consideration of this bill.



**HOUSE APPROPRIATIONS**
**DATE** 3-22-2007
**ATTACHMENT** 15

## Testimony Present to the House Appropriations Committee
**March 22, 2007**

By Jim McFadden, Director, Mother Mary Anne Clinic, Wichita, KS

I am Jim McFadden, Director of the Mother Mary Anne Clinic in Wichita, Kansas. Our clinic, scheduled to open in May of this year, is an immediate care, after hour's clinic for indigent patients, uninsured or Medicaid, or those meeting Federal Poverty Guidelines. Our clinic fully supports the passage of HB 2578, the Utilization of Unused Medication Act.

This bill would address in a very sound fiscal and clinical manner a definite need of the uninsured and indigent in our community. For those patients who seek care in a community clinic, but who are unable to afford the cost to fill a needed prescription, this would afford an additional opportunity to obtain the needed prescription at a very low price. Experience in the ER of the parent corporation of our clinic, Via Christi Regional Medical Center, demonstrates that too many of the uninsured who utilize our ER do so for an illness for which they had previously received a prescription, but were unable to obtain because they could not afford the cost at the pharmacy. Lack of the prescribed drug frequently results in worsening conditions requiring ER or hospital care, certainly more expensive than the cost of the drug.

Additionally, it makes good economic sense to utilize a drug before it reaches its expiration date for potency and effectiveness. For indigent primary care clinics receiving donated drugs helps the clinic sustain itself financially as well as providing a much needed clinical tool to return the patient quickly to a functioning state. For adult care homes, this also provides an opportunity to serve their community beyond their particular mission through the donation of unneeded but very valuable resources.

**Testimony on HB 2578**
**House Appropriations Committee**
**March 22, 2005**

My name is Laurel Alkire and I am the Executive Director for Senior Services, Inc. of Wichita. Our agency serves close to 10,000 older adults each year, providing services such as Meals on Wheels, grocery shopping services, job placement services, and respite care to seniors in the Wichita area. I would like to speak to HB 2578 concerning unused medications.

Seniors make up the largest group of consumers of medical services and users of prescription drugs. So many of our seniors are living on a limited income and struggle to make ends meet every day. With the high cost of medications, many seniors are forced to choose between purchasing prescriptions or paying the electric bill. We know that often times they are not able to afford their medication and will just go without!

HB 2578, which allows unused blister packed prescription medications from nursing homes to be given to federally qualified health centers for distribution to low-income individuals, makes a lot of sense. The fact that this unused medication is being "flushed down the toilet" seems absolutely wasteful. If low-income seniors could have access to available and much- needed medications that are available through organizations such as the Hunter Health Clinic here in Wichita, I believe we will be offering a much needed service to our seniors who have long gone without.

I believe that this bill will stop the practice of wasting perfectly good medications and make them available to some of the neediest members of our community. I urge your support.

Thank you

Laurel Alkire
Executive Director
Senior Services, Inc. of Wichita
200 S. Walnut
Wichita, KS 67213
316-267-0302, ext. 224

Kansas Advocates
for
Better Care

*"Advocating for Quality Long-Term Care" since 1975*



**House Bill 2578 concerning unused medications**

Testimony to House Appropriations Committee
From Kansas Advocates for Better Care
Thursday, March 22, 2007

Honorable Chair Schwartz and
Committee Members

Kansas Advocates for Better Care (KABC) strongly supports the concept of House bill 2578 whereby unused medications are able to be used.

The legislation would take the unused blister packed prescription medications from nursing homes that is currently destroyed and have the medications instead go to the federally qualified health centers to be redistributed to low income individuals. In a time when many usable items are discarded, medications are far too dear for many persons and should not be discarded.

Thank you for this opportunity to stand with others of the health care community and consumer-based organizations to support House Bill 2578. We urge the Committee to more the bill forward.

Deanne Bacco
Executive Director of KABC

913 Tennessee Suite 2 Lawrence, Ka
phone: 785.842.3088 fax: 785.749.0029 toll-free: 800.525.1782

**HOUSE APPROPRIATIONS**
**DATE** 3-22-2007
**ATTACHMENT** 18

AARP[SM]

**Kansas State Office**

March 22, 2007
Representative Sharon Schwartz, Chair
House Appropriations Committee

Reference: HB 2578

Good morning Madam Chair and Members of the House Appropriations Committee. My name is Ernest Kutzley and I am the Advocacy Director for AARP Kansas. AARP Kansas represents the views of over 360,000 members in the state of Kansas. Thank you for allowing us to provide written testimony in support of HB 2578.

AARP recently unveiled *Divided We Fail (www.dividedwefail.org),* our new national and state effort designed to engage the American people, elected officials and the business community to find broad-based, bi-partisan solutions to the most compelling domestic issues facing the nation – health care and the long-term financial security of Americans. Concerns about health and financial security aren't just AARP issues; they affect all generations.

AARP supports HB 2578 which expands access and availability of prescription drugs to those who need them the most.

Prescription drugs have become an increasingly important part of health care. To a large extent this trend is due to the introduction of new drugs that prolong life, improve the quality of life, or replace more intensive and expensive medical treatments. At the same time, innovations in drug treatments have been accompanied by a dramatic increase in prescription drug costs. Manufacturers' prices for widely used prescription drugs are increasing at an average yearly rate that is more than double the rate of inflation.

We believe that HB 2578 is an innovative approach to reducing the prices that some consumers must pay for prescription drugs and making them more accessible to all.

We would hope that any guidelines developed to allocate these drugs would keep any fees to a minimum and that possibly an annual report and/or periodic evaluation that would obtain feedback from practitioners, clinics, etc. about the utility and effectiveness of the programs be made available.

Thank you for this opportunity to express our support of HB 2758. We thank you for your thoughtful consideration and support of this important legislation.

555 S. Kansas Avenue, Suite 201 |Topeka, KS 66603 |toll-free 866-448-3619 |785-232-8259
Erik D. Olsen, President | William D. Novelli, Chief Executive Officer | www.aarp.org/ks

**HOUSE APPROPRIATIONS**

**DATE** 3-22-2007
**ATTACHMENT** 19

KAMU

Kansas Association
for the
Medically Underserved
*The State Primary Care Association*

1129 S Kansas Ave., Suite B Topeka, KS 66612 785-233-8483 Fax 785-233-8403 www.kspca.org

House Bill 2578
House Appropriations Committee
March 22, 2007

Karla Finnell
Executive Director
Kansas Association for the Medically Underserved

Madam Chairperson and Members of the Committee, thank you for the opportunity to submit comments in support of HB 2578. The Kansas Association for the Medically Underserved (KAMU) is an association of primary care safety net clinics who share the mission of increasing access to primary health care services, regardless of a patients' ability to pay. The Federally Qualified Health Centers (FQHC) and indigent health care clinics referenced in HB 2578 are KAMU members. These safety net clinics would be eligible to participate in the utilization of unused medications act by dispensing the medications to medically indigent individuals seeking care at the clinic.

There is a tremendous need to continue to create tools that allow safety net clinics to increase access to health care services, including access to affordable medications. The program proposed in HB 2578 would be another tool for clinics to utilize when working to make prescriptions drugs available to those unable to pay full price. Prescription drugs are an integral aspect of comprehensive primary health care services. There are currently approximately 126,000 uninsured or underinsured individuals being served by Kansas safety net clinics. Therefore, another potential avenue to increase access to health care services is supported by KAMU and member clinics.

There are currently a couple other programs through which safety net clinics can gain access to free and reduced cost prescription drugs. The unused prescription drug program at issue in HB 2578 would require clinics to comply with storing, distributing, and inspecting the drugs as per the program rules and regulations, which implies shouldering the administrative cost to do so. Most clinics in a position to utilize the HB 2578 program would likely already have similar compliance procedures in place, but would have to consider taking on additional costs associated with handling increased amounts of drugs. Each clinic would need to survey their specific situation when determining whether utilizing this additional tool to distribute prescription drugs would be beneficial for their patient population. Furthermore, measures that increase efficiency are always beneficial to the overall health care system. Looking toward reducing the amount of medications destroyed because there exists no outlet through which to distribute them is a positive move toward more efficient use of resources.

Overall, the utilization of unused medications act is a positive step toward recognizing the terrific need to increase resources focused on providing a stable health care safety net system in Kansas.

Thank you for the opportunity to submit comments on behalf of KAMU member clinics in support of HB 2578.

Primary Care Safety Net Clinics - A Go

**HOUSE APPROPRIATIONS**
**DATE** 3-22-2007
**ATTACHMENT** 20

Session of 2007

# HOUSE BILL No. 2578

By Committee on Appropriations

3-14

AN ACT enacting the utilization of unused medications act; duties of the state department of health and environment and the state department on aging.

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

Section 1. This act shall be known and may be cited as the "utilization of unused medications act".

Sec. 2. As used in the utilization of unused medications act:

(a) "Adult care home" has the same meaning as such term is defined in K.S.A. 39-923, and amendments thereto.

(b) "Drug" has the same meaning as such term is defined in K.S.A. 65-1626, and amendments thereto.

(c) "Federally qualified health center" means a center which meets the requirements for federal funding under 42 U.S.C. section 1396d(1) of the public health service act, and which has been designated as a "federally qualified health center" by the federal government.

(d) "Indigent health care clinic" has the same meaning as such term is defined in K.S.A. 75-6102, and amendments thereto.

(e) "Medically indigent" has the same meaning as such term is defined in K.S.A. 75-6102, and amendments thereto.

(f) "Medication" means a prescription drug or drug as defined by this section.

(g) "Mid-level practitioner" has the same meaning as such term is defined in K.S.A. 65-1626, and amendments thereto.

(h) "Practitioner" has the same meaning as such term is defined in K.S.A. 65-1626, and amendments thereto.

(i) "Prescription drug" means a drug which may be dispensed only upon prescription of a practitioner or mid-level practitioner authorized by law and which is approved for safety and effectiveness as a prescription drug under section 505 or 507 of the federal food, drug and cosmetic act (52 Stat. 1040 (1938), 21 U.S.C.A., section 301).

Sec. 3. (a) The department on aging shall adopt rules and regulations consistent with public health and safety through which unused drugs, other than drugs defined as controlled substances, may be transferred from adult care homes that elect to participate in the program for the

Representative K. Wolf
Balloon Amendments
March 21, 2007

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HOUSE APPROPRIATIONS
DATE 3-22-2007
ATTACHMENT 21

purpose of distributing the unused medications to Kansas residents who are medically indigent.

(b) Indigent health care clinics or federally qualified health centers in consultation with a pharmacist shall establish procedures necessary to implement the program established by the utilization of unused medications act.

(c) The state board of pharmacy shall provide technical assistance to entities who may wish to participate in the program.

Sec. 4. The following criteria shall be used in accepting unused medications for use under the utilization of unused medications act:

(a) The medications shall have come from a controlled storage unit of an adult care home;

(b) only medications in their original sealed unit dose packaging or unused injectables shall be accepted and dispensed pursuant to the utilization of unused medications act;

(c) expired medications shall not be accepted;

(d) a medication shall not be accepted or dispensed if the person accepting or dispensing the medication has reason to believe that the medication is adulterated;

(e) no controlled substances shall be accepted; and

(f) subject to the limitation specified in this section, unused medications dispensed for purposes of a medical assistance program or drug product donation program may be accepted and dispensed under the utilization of unused medications act.

Sec. 5. (a) Participation in the utilization of unused medications act by residents of adult care homes and adult care homes shall be voluntary. Nothing in the utilization of unused medications act shall require any resident of an adult care home or any adult care home to participate in the program.

(b) An indigent health care clinic or federally qualified health center which meets the eligibility requirements established in the utilization of unused medications act may:

(1) Dispense medications donated under the utilization of unused medications act to persons who are medically indigent residents of Kansas; and

(2) charge persons receiving donated medications a handling fee not to exceed 200% of the medicaid dispensing fee.

(c) An indigent health care clinic or federally qualified health center which meets the eligibility requirements established and authorized by the utilization of unused medications act which accepts donated medications shall:

(1) Comply with all applicable federal and state laws related to the storage and distribution of medications;

or pharmacist

2-1-2

Testimony on House Bill No. 2586

To

House Committee on Appropriations

By J. Michael Hayden
Secretary
Kansas Department of Wildlife and Parks

March 22, 2007

House Bill No. 2586 is new legislation which would allow the Kansas Department of Wildlife and Parks (KDWP) to maintain compliance with federal aid requirements established by the U.S Fish and Wildlife Service (USFWS) without reliance on an annual appropriation bill. The KDWP has cooperated with the USFWS in developing an accounting procedure that allows the Department to maintain integrity of wildlife funds. Currently the mechanism to utilize this procedure is provided for in the annual operations appropriation bill for the KDWP. HB 2586 would provide that the mechanism become permanent law. The bill would become effective upon publication in the Kansas Register.

The KDWP is required to "balance" expenditures between Wildlife and non-Wildlife programs. In order to accomplish this task, the Department has had language in the annual operations appropriation bill that allows the KDWP to exceed the established expenditure limitation established on the Wildlife Fee Fund, Park Fee Fund, and the Boating Fee Fund. For the 2007 Session, HB 2542, as amended by HCOW, page 200 contains these provisions. HB 2586 eliminates the requirement for annual provisos.

Since 1996, the KDWP has had to use the provisions that allow the Department to exceed expenditure limitations a total of

four times. The last time was for FY 2003 and a copy of the letter to the Governor and Legislative leadership is attached. The KDWP compensates for expenditures on a monthly basis. However, since the June expenditures cannot be balanced until after June 30 of any one year, the Department requires a procedure to allow for necessary adjustments to avoid diversion of wildlife funds.

The actions required by KDWP to correct for diversion are not a "one-year" or temporary action. The organization and funding of the Department with programs for wildlife, parks, and boating could require that action be taken each fiscal year to correct for potential diversion. The KDWP is requesting favorable action on House Bill No. 2586. Thank you.

STATE OF KANSAS
DEPARTMENT OF WILDLIFE & PARKS
Office of the Secretary
1020 S Kansas Ave., Room 200
Topeka, KS 66612-1327
Phone: (785) 296-2281 FAX: (785) 296-6953

August 29, 2003

The Honorable Kathleen Sebelius, Governor
State of Kansas
State Capitol Building
Topeka, Kansas 66612

Senator David Kerr, President of the Senate
Senate Chamber
State Capitol Building
Topeka, Kansas 66612

Representative Doug Mays
Speaker of the House
House of Representatives
State Capitol Building
Topeka, Kansas 66612

Madam Governor and Gentlemen:

The 2003 Legislature authorized the Kansas Department of Wildlife and Parks (KDWP) to exceed established limits of appropriations for certain funds for the purposes of compensating federal aid program expenditures, if necessary, in order to comply with requirements established by the United States Fish and Wildlife Service for the utilization of federal aid funds. This authority is contained in 2003 Session Laws of Kansas, Chapter 138, Section 83(b). In addition, the KDWP is required to report all such expenditures to the Governor and the Legislature as appropriate.

For FY 2003, the KDWP was required to exceed the established expenditure limitation on the Boating Fee Fund by $27,845. This amount will fully compensate FY 2003 federal aid and restricted funds expenditures for any diversion that occurred during the fiscal year. Please accept the notification as compliance with the requirements of Chapter 138, Section 83(b). If you require additional information please advise.

Sincerely,

J. Michael Hayden, Secretary
Kansas Department of Wildlife and Parks

22-3

Testimony on House Bill No. 2587

To

House Committee on Appropriations

By Richard Koerth
Assistant Secretary for Administration
Kansas Department of Wildlife and Parks

March 22, 2007

House Bill No. 2587 is new legislation that was originally recommended by the Legislative Post Auditor in audit report 94-44. The report recommended that the Kansas Department of Wildlife and Parks (KDWP) should request a fund in the State's Central Accounting System that would allow the KDWP to separate restricted and non-restricted funds. The report referred to restricted funds as those required by state and federal law to be used only for wildlife purposes or programs. Receipts such as magazine sales and non-federal grants or donations should not be deposited to a restricted fund but be placed in a separate fund.

The 1996 Session of the Legislature created the Wildlife and Parks Non-restricted Fund in the annual appropriation bill. Since that time the annual appropriation bill for the KDWP has included this fund. HB 2587 would create the fund by statute and eliminate the need for inclusion in the annual appropriation bill.

The need for the Wildlife and Parks Non-restricted Fund is not "temporary" or a "one year action". The KDWP is funded from numerous funding sources for the wildlife, parks, and boating activities performed by the Department. Both state and federal law requires these funds be kept separate. The KDWP supports the passage of House Bill No. 2587.