

Approved: March 28, 2000  
Date

## MINUTES OF THE SENATE WAYS & MEANS COMMITTEE.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 15, 2000 in Room 123-S of the Capitol.

All members were present except:

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

Conferees appearing before the committee:

Others attending: See attached list

Chairman Kerr presented the FY 2001 subcommittee report on the **Department of Social and Rehabilitation Services** (excluding SA, MH & DD Services) (Attachment 1). In explaining item 1 under Child Support Enforcement, the Chairman stated that the \$300,000 SGF amount draws down federal money so it cannot be compared to \$9.0 million.

In discussing the subcommittee's recommendations regarding the Medicaid pharmacy program, the Chairman stated that the Department and the drug companies have stated that there are unintended consequences associated with removing the ban on "step therapy". Therefore, the subcommittee recommended implementation of the bulleted items under item 2 in Adult and Medical Services (Attachment 1-11) in order to achieve estimated cost savings in this program of approximately \$1.0 million.

Members discussed potential savings associated with prior authorization of certain medications and the subcommittee's recommendation to change the dispensing fee. Laura Howard, Interim Assistant Secretary of Health Care Policy, SRS, told members that the Department believes savings will be available from greater use of prior authorization of certain medications, but it will take some time to review savings associated with the various classes of drugs. It was noted that the House did not recommend a reduction in the dispensing fee and this would be an item that could be adjusted in conference committee. The Chairman stated that there has been an influx of ideas about how to generate savings since the subcommittee made this recommendation, and if some of those ideas could be implemented to achieve cost savings in this area, this recommendation is not one that would have to be adopted in conference.

Members of the subcommittee noted that a Post Audit report on generic drugs is due next week and stated that the positive aspect of the recommendations is that it has kept all entities "at the table" on how to achieve cost savings in pharmaceuticals. Senator Feleciano commented that some of the cost savings in pharmaceuticals are used later in the subcommittee report to fund other programs for the medically needy, disabled and aging populations.

It was moved by Senator Morris and seconded by Senator Feleciano that item 2 of the subcommittee report be amended to include language that this may not be the final position of the Committee because of the Post Audit report due March 22 on generic drugs and with language that would direct SRS, the pharmacists and the drug companies to continue to identify savings in the pharmaceutical budget without harming Medicaid clients. The motion carried on a voice vote.

Secretary Schalansky told members that the Department agrees with the concern about timely payment of

## CONTINUATION SHEET

### SENATE WAYS & MEANS COMMITTEE MINUTES

contractors (item 3 under Children and Family Services), and is prepared to address it. She said that the Department is paying on new contracts beginning July 1, 2000 on a per child per month basis and may seek a contract amendment requiring subcontractors to pay within certain time frames.

Senator Salisbury commented that the issue of retaining providers for Medicaid recipients is an important one. She stated that though there is no obligation on the part of the state to pay outstanding provider claims, there certainly should be an obligation on the part of the Horizon Health Plan (item 7, Attachment 1-13).

Senator Petty reviewed the minority report (Attachment 1-17). Senator Feleciano stated that the intent of this report is not to slight the work of the subcommittee, but to highlight areas of concern.

In answer to Senator Ranson, the Chairman stated that the net result of the subcommittee's recommendations was to decrease spending from the SGF by \$1.2 million.

Senator Morris moved, Senator Feleciano seconded, that the SRS subcommittee report as amended be adopted. The motion carried on a voice vote.

It was moved by Senator Morris and seconded by Senator Salmans that 9rs 2458 be introduced as requested by the Department of Agriculture. The motion carried on a voice vote.

The Chairman adjourned the meeting at 12:15 p.m. The next meeting will be March 16, 2000.