

MINUTES

**MONTANA SENATE
58th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN TOM ZOOK**, on March 24, 2003 at 8:20
A.M., in Room 317 Capitol.

ROLL CALL

Members Present:

Sen. Tom Zook, Chairman (R)
Sen. Bill Tash, Vice Chairman (R)
Sen. Gregory D. Barkus (R)
Sen. Edward Butcher (R)
Sen. John Cobb (R)
Sen. Mike Cooney (D)
Sen. John Esp (R)
Sen. Royal Johnson (R)
Sen. Rick Laible (R)
Sen. Bea McCarthy (D)
Sen. Linda Nelson (D)
Sen. Trudi Schmidt (D)
Sen. Debbie Shea (D)
Sen. Corey Stapleton (R)
Sen. Emily Stonington (D)
Sen. Jon Tester (D)
Sen. Joseph (Joe) Tropila (D)

Members Excused: Sen. Keith Bales (R)
Sen. Bob Keenan (R)

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: SB 473, 3/20/2003
Executive Action: None

HEARING ON SB 473

Sponsor: SEN. JIM ELLIOTT, SD 36, Trout Creek

Proponents: REP. DON ROBERTS, HD 10, Billings
Pat Callbeck Harper, AARP Montana
Bob Salandi, AARP member, pharmacist
June Hermanson, Montanans with Disabilities for
Equal Access
Jim Smith, Montana Pharmacy Association
Betty Beverly, Executive Director, Montana Senior
Citizens' Association
Charles Aagenes, Director, Area IV Agency on Aging
Marlys Schwaderer, RN, Mineral Pharmacy
George Harper, Helena
Claudia Clifford, State Auditor's Office
Chris Christiaens, Montana Chapter of the National
Association of Social Workers
Beta Lovitt, Montana Physicians' Association,
Montana Medical Association
Betty Whiting, Montana Association of Churches
Janie McCall, Montana Association of Disability
Services
Verner Bertelsen, MSCA
Del Lonnquist, AARP Montana
Beth (last name inaudible), Nurse Practitioner
Mary Caferro, WEEL

Opponents: None

Opening Statement by Sponsor:

SEN. ELLIOTT stated that this bill is a prescription drug expansion program under Medicaid to meet the needs of elderly and disabled Montanans. He stated that the price of prescription drugs include mainly research and development costs, but costs continue to rise, to support increasing marketing budgets. He distributed charts illustrating drug prices compared to Canada, the profitability of the drug industry, and the marketing budget increases since 1991. He went over Healthy Montana and how it works (Exhibit 4). This bill will help keep Montanans independent and out of nursing homes.

EXHIBIT (fcs62a01)

EXHIBIT (fcs62a02)

EXHIBIT (fcs62a03)

EXHIBIT (fcs62a04)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 13.9}

Proponents' Testimony:

REP. DON ROBERTS, HD 10, Billings, stated that this bill will apply to the fastest-growing group of people, those over the age of 80. He said that AARP conducted a survey and concluded that many elderly are skipping prescription drug doses, due to inability to pay. He supports SB 473.

Pat Callbeck Harper, AARP Montana, presented written testimony to further explain the scope and purpose of this bill. She also distributed a handout answering common questions of the Healthy Montana program.

EXHIBIT (fcs62a05)

EXHIBIT (fcs62a06)

{Tape: 1; Side: A; Approx. Time Counter: 12 - 30}

{Tape: 1; Side: B; Approx. Time Counter: 0 - 2.7}

Bob Salandi, AARP member, pharmacist, explained that the drug prices used to be based on the cost of research. He said that now prices reflect the huge marketing budgets. Mr. Salandi distributed a copy of comments regarding drug costs.

EXHIBIT (fcs62a07)

June Hermanson, Montanans with Disabilities for Equal Access, said that she urged legislation to study the impact of medication and health care on those with disabilities. She said that one of the challenges of being genitally handicapped is that it is a preexisting condition from birth. She distributed a map showing the number of those with disabilities per county.

EXHIBIT (fcs62a08)

Jim Smith, Montana Pharmacy Association (MPA), stated that this is a good bill. He said that he researched the need for this bill by asking seniors, as well as pharmacists in his district. He distributed the 2002 Survey of Montana Community Pharmacies (Exhibit 9). The survey shows that the reasons for the cost increases have nothing to do with the local pharmacies; there is only a 1.5-2% profit for pharmacies. Montana is fortunate to have its pharmacies, especially in rural communities. This bill is important, and MPA strongly supports it.

EXHIBIT (fcs62a09)

{Tape: 1; Side: B; Approx. Time Counter: 2.7 - 16.5}

Betty Beverly, Executive Director, Montana Senior Citizens' Association (MSCA), also stated their support for SB 473. She stated that in a report done by the Older Women's League, most elderly women rely on their husband's social security income. She said that 70% of the women in the U.S. live in 150% of poverty or lower. Ms. Beverly shared her mother's story as an example. She said that MSCA takes bus trips to Canada to buy cheaper prescription drugs, but many of the seniors that needed it were ill and housebound and could not come. She explained that they want to support local pharmacies, and this bill would enable the elderly to do that.

{Tape: 1; Side: B; Approx. Time Counter: 16.5 - 22.5}

Charles Aagenes, Director, Area IV Agency on Aging, stated that seniors are at risk. They have been productive, hardworking wage-earners all of their lives, yet their social security income is only \$600-800 per month. That amount is sufficient until they need treatment for illness. He stated that he supports this bill because it provides small avenue of financial relief.

Marlys Schwaderer, RN, Mineral Pharmacy, said that she also supports this bill. She appreciates that this is not a discount card program. She stated that they do have a few concerns and asked for set dispensing fees, and that the program not be part of the Medicaid reimbursement.

{Tape: 1; Side: B; Approx. Time Counter: 25 - 30}

George Harper, Helena Citizen, Medicare and Medicaid recipient, stated his appreciation for his medical coverage, and said that dental care is not covered. He said that a widow he knows expends over \$1,000 per month on prescription drugs. He supports SB 473.

Claudia Clifford, State Auditor's Office, stated their strong support for SB 473. She explained that they conducted a round table discussion on pharmacy costs. She said that the reason so many seniors can't afford drug coverage is because Medicare does not cover prescription drugs. A person can buy a Medicare supplement, but many do not have pharmacy benefits. They cost at least \$1,580 per year, and up to \$3,080 per year if over the age of 80. Even the deductibles are unaffordable. The number one reason for personal bankruptcy is medical costs.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 7.3}

Chris Christiaens, Montana Chapter of the National Association of Social Workers, stated that they support this small step forward in medical care. He shared a story of an elderly couple from Cuba and their struggles with health care.

Beta Lovitt, Montana Physicians' Association, Montana Medical Association, said that prescription medicine help for seniors is a small step in the right direction. She urged the Committee's support of the bill.

{Tape: 2; Side: A; Approx. Time Counter: 7.3 - 13}

Betty Whiting, Montana Association of Churches, also stated their strong support of this bill as a safety net for senior care.

Janie McCall, Montana Association of Disability Services, said that they strongly support this bill that will benefit disabled citizens as well as seniors.

Verner Bertelsen, MSCA, stated their strong support for SB 473.

Del Lonnquist, AARP Montana, said that they support this bill.

{Tape: 2; Side: A; Approx. Time Counter: 13 - 16.2}

Beth (last name inaudible), Nurse Practitioner, added perspective on the pain and suffering in society and the cost to social security. She said that she sees many who end up in the hospital because they couldn't afford the prescription. She distributed a copy of the price list.

EXHIBIT (fcs62a10)

Mary Caferro, WEEL, stated that they interviewed Montanans regarding health care prices in Montana and shared an example of a couple who had to sell their ranch. She urged the Committee's support for the bill.

{Tape: 2; Side: A; Approx. Time Counter: 16.2 - 20}

Opponents' Testimony: None

Informational Testimony:

Jeff Buska, Bureau Chief of Medicaid Services Bureau, DPHHS, addressed the fiscal note and the two amendments requested by the Legal Services Offices. The first would make the coverage contingent on Medicaid waiver. If the waiver does not materialize, coverage is not approved. The second is a technical

amendment for this bill to apply to those age 18 and older, only with a certificate of disability.

EXHIBIT (fcs62a11)

Questions from Committee Members and Responses:

SEN. JOHN ESP asked how this program will work. **Jeff Buska** explained that this program will apply for low-income seniors and disabled, up to 300% of poverty. This will only apply to those age 65 and over or those age 18 and over, who are disabled. He continued to explain the Medicaid reimbursement, program funding, and the potential discounts.

SEN. ESP asked if the rebate was based on wholesale prices. **Mr. Buska** explained the rebate process.

SEN. ESP asked if the reimbursement from Medicaid the Department receives is more or less than wholesale prices. **Mr. Buska** clarified that it is less than the average wholesale price.

SEN. TRUDY SCHMIDT asked if this program is modeled after other states. **SEN. ELLIOTT** answered that there are Healthy Hawaii and Healthy Maine programs as well.

{Tape: 2; Side: A; Approx. Time Counter: 20 - 26.6}

SEN. SCHMIDT asked if a 2/3 vote is needed to pass this bill.

SEN. ELLIOTT explained that only a simple majority vote is needed, since there is no bonding involved.

SEN. SCHMIDT questioned Page 3, Line 23 and the process of applying for waivers. **Jeff Buska** said the Department is required to apply for a Pharmacy Plus waiver. He explained the waiver.

SEN. SCHMIDT asked if the Department monitors how the prescriptions are prescribed. **Jeff Buska** said that there are methods to monitor that process, and expounded on those methods.

{Tape: 2; Side: A; Approx. Time Counter: 26.6 - 30.4}

SEN. LINDA NELSON requested a copy of the fiscal note. **SEN. ELLIOTT** explained that a copy is not yet available. He stated that the cost to the general fund would be \$50,000 in this biennium.

SEN. NELSON asked what the costs were based on in the chart illustrating costs in Canada (Exhibit 1). **SEN. ELLIOTT** said that he did not know, but would get that answer for her.

SEN. NELSON inquired about the difference between the discount cards and this program. **Jeff Buska** explained those differences and how this program is targeted to a certain population, to provide discounts off the wholesale costs.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 3.5}

SEN. JON TESTER asked about the chances for obtaining a waiver if this bill passes. **Jeff Buska** said that waivers approved in Maine prove budget neutrality. He said that if they don't get the waiver, they will not be able to carry out the program.

SEN. TESTER asked about the percentage of poverty included in the program. **Jeff Buska** said that they are able to cover up to 200% of poverty.

SEN. TESTER questioned the Department's view of the waiver. **Jeff Buska** expounded on that issue.

{Tape: 2; Side: B; Approx. Time Counter: 3.5 - 8}

SEN. TESTER asked about the possibility of including language to raise the coverage from 200% to 300%. **Pat Callbeck Harper** discussed AARP's favorable view of the coverage change.

SEN. ED BUTCHER and **Jeff Buska** discussed raising the poverty level to 300% and the expansion of the Department's responsibilities with this program.

{Tape: 2; Side: B; Approx. Time Counter: 8 - 13.8}

SEN. EMILY STONINGTON asked how the waiver works to result in revenue neutrality. **Jeff Buska** explained that process. **SEN. STONINGTON** and **Jeff Buska** continued discussing the other program savings that would result and the time frame to get a waiver.

{Tape: 2; Side: B; Approx. Time Counter: 13.8 - 18}

SEN. GREG BARKUS and **SEN. ELLIOT** addressed the poverty level, the number of Montanans who would be eligible to participate, and the fees involved in that application process. **Pat Callbeck Harper** also discussed the costs to pharmaceutical companies.

{Tape: 2; Side: B; Approx. Time Counter: 18 - 23.7}

SEN. DEBBY SHEA asked about the dispensing fees. **SEN. ELLIOTT** said that the dispensing fee would be between \$4-5 per prescription. That cost would be picked up by the special revenue funds. He explained that it could possibly lower the benefits, but the person would not have to pay anything for those benefits.

SEN. JOHN COBB had a question regarding the Medicaid rebate program currently in place. **Jeff Buska** addressed that issue, and further explained the details of the program, per **SEN. COBB's** questions regarding eligibility.

{Tape: 2; Side: B; Approx. Time Counter: 23.7 - 30}

SEN. RICK LAIBLE and **Jeff Buska** discussed the costs involved in the fee schedules and the manufacturer's rebates. **Bob Salandi** added further clarification regarding the rebates.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 10}

CHAIRMAN TOM ZOOK asked about the figures for the 300% value as compared to the 200% value. **Jeff Buska** said that he doesn't have the numbers of eligibility at 200%, and it would be even harder to estimate the figures at the 300% level.

SEN. COBB had further questions regarding the waiver. **Jeff Buska** explained the expiration dates that apply to the waivers.

{Tape: 3; Side: A; Approx. Time Counter: 10 - 14.9}

Closing by Sponsor:

SEN. ELLIOTT closed the hearing and addressed the remaining concerns of the Committee regarding waivers and rebates. He added that there is no opposition to this bill. The bill requires very little, but will make a big difference in the lives of the elderly and disabled.

{Tape: 3; Side: A; Approx. Time Counter: 14.9 - 22.7}

ADJOURNMENT

Adjournment: 10:30 A.M.

SEN. TOM ZOOK, Chairman

PRUDENCE GILDROY, Secretary

TZ/PG

EXHIBIT (fcs62aad)