

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

4027

2001 SENATE HUMAN SERVICES

SCR 4027

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4027

Senate Human Services Committee

Conference Committee

Hearing Date February 13, 2001

Tape Number	Side A	Side B	Meter #
2	X		
Committee Clerk Signature <i>Paul Holodishek</i>			

Minutes:

The committee was called to order.

The hearing on SCR 4027 was opened.

SENATOR RUSSEL THANE introduced the resolution. (Written material)

MR. JORDON supports resolution.

DAVE ZENTNER, Dept of Human Services supports resolution. (Written testimony)

SENATOR LEE: Do you think there is any reason to amend in Medicaid? MR. ZENTNER: No

HOWARD ANDERSON, JR., Pharmacy, supports resolution. This would be a provision of prescription drugs to those that can't afford it. SENATOR KILZER: The use of generic prescriptions - are they widely used now? MR. ANDERSON: Generic utilization is good. It is generally used. 2 or 3% advise brand name necessary.

ROD ST. AUBYN, BCBS, supports the resolution.

NORM STUMILLER, AARP, supports resolution.

CAL ROLFSON, Pharmaceutical representative (Pharna) supports resolution and offered to provide technical help, support and data to the study.

The hearing was closed on SCR 4027.

Discussion was held.

SENATOR MATHERN moved an amendment. Another Whereas, beginning line 18 ,

"Whereas, Medicaid drug expenditures for the 1997-99 biennium totaled \$47.1 million were from the general fund; for the 1999-2001 biennium, the department of human services budgeted \$50.4 million, of which \$15 million are state funds; and the latest estimates indicate that the department of human services will expend \$63.5 million, of which \$18.9 million are state funds while the department of human services is anticipating expenditures in the next biennium to exceed \$80 million; and" . SENATOR LEE suggested on line 15, Consumers add" and the state" and after line 15 and whether ND should establish a program to assist in the purchase of prescription drugs based on income. SENATOR MATHERN moved the amendments.

SENATOR FISCHER seconded the motion. Voice vote carried. SENATOR FISCHER moved a DO PASS AS AMENDED. SENATOR POLOVITZ seconded the motion. Roll call vote carried 6-0. SENATOR MATHERN will carry the bill.

REPORT OF STANDING COMMITTEE

SCR 4027: Human Services Committee (Sen. Lee, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4027 was placed on the Sixth order on the calendar.

Page 1, line 2, after "consumers" insert "and the state, and whether the state should establish a program to assist in the purchase of prescription drugs based upon income"

Page 1, after line 4, insert:

"**WHEREAS**, Medicaid drug expenditures for the 1997-99 biennium totaled \$47.1 million, of which \$12.3 million were from the general fund; for the 1999-2001 biennium, the department of human services budgeted \$50.4 million, of which \$15 million are state funds; and the latest estimates indicate that the department of human services will expend \$63.5 million, of which \$18.9 million are state funds while the department of human services is anticipating expenditures in the next biennium to exceed \$80 million; and"

Page 1, line 21, after "consumers" insert "and the state, and whether the state should establish a program to assist in the purchase of prescription drugs based upon income"

Renumber accordingly

2001 HOUSE HUMAN SERVICES

SCR 4027

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4027

House Human Services Committee

Conference Committee

Hearing Date March 21, 2001

Tape Number	Side A	Side B	Meter #
1		x	2382 to 4839
Committee Clerk Signature <i>Corinne Easton</i>			

Minutes:

Chairman Price: We will open the hearing on SCR 4027. Clerk will read the title.

Sen. Thane - District 25: Introduced resolution. The resolution you see before us is better than the original one I introduced. I think every one of us in this room has heard from our Congressional delegation either through the media or otherwise, about how they go across the border into Mexico and buy blood pressure medication at half the price. They do it on a regular basis and bring it back not only for themselves, but their friends and neighbors. There is something wrong when there is that much discrepancy. This happens in Canada also. I think rather than read a bunch of Whereas's I will close my testimony and urge you to pass this resolution.

Galen Jordre, R.Ph. - Executive Vice President: We support this study. (See written testimony).

Rep. Weisz: In one of the Whereas's it talks about cost of the competition drugs...increasing at a rate outpacing inflation 2 to 1. Is that because of the increase usage, the price of the drug itself, increased dosage rates. Can you comment on that a little bit.

Jordre: I think when we would talk about the top fifty drugs. If the top fifty drugs were the same top fifty drugs we had five years ago, the price would be within the rate of inflation. The reason that figure looks large is because probably of the top fifty drugs maybe half of them might be new entities introduced at a higher cost than some of the things they replaced. Or actually are entirely new entities for which there was no treatment before.

Rep. Niemeier: In your third paragraph, just as a point of clarification, are you relating those numbers of deaths to improper drug use?

Jordre: That is what the study had shown. That study was based on an earlier study released in 1996, that was published in a number of AMA publications, so it has been well scrutinized and they just re-projected the numbers.

David Zentner - Director of Medical Services for the Department of Human Services: I appear today in support of this resolution. (See written testimony).

Rep. Deylin: Does the department have any costs to show us on what less hospitalization, substituting expense surgery by substituting drug treatment that type of thing. We always just look at the cost of drugs, and I understand there are better and better drugs coming out on the market all the time, but we never seem to look at what the savings are also to the budget because we are spending all those dollars in those areas?

Zentner: There certainly is a benefit to drug therapy. It is difficult to quantify what the amount is, but I can give you an example of what happened to hospital costs in the Medicaid program. I can't say that all of it relates to drug therapy because of the things that have happened with in

patient. But the bottom line is we are spending less money on hospitals than we did three biennium's ago. That is even taking into consideration inflation. The bottom line is the cost for inpatient hospital has dropped and I think part of that is certainly due to better drug regimen. How much, I couldn't quantify. I think it is true, there are benefits to new drug therapy.

Rep. Devlin: When we looked at prior authorization, one of the things that was baffling to the committee is the DUR board had not been in operation and had not met yet, but I understand that they are talking about meeting again?

Zentner: Yes, they had a preliminary meeting this week to look at the new system we have to review for drugs. We anticipate getting that rolling again as soon as the session is over with.

Rep. Galvin: The disparity between the Canadian and the Mexican drugs. Are those drugs of the same quality, and have they undergone the same research?

Zentner: I don't know if I am in a position to answer that.

Jordre: I don't know if I am in a position to answer, but a lot of them are the same, many are produced in the United States and exported out. However there are manufacturing facilities in Mexico that are out side the realm of Food and Drug Administration. I think the other thing is within in Canada there is a rigid system of price controls. So the pharmaceuticals there are not freely priced. But I would say in Canada there is a much higher incidence of those products that would meet the US standards. But there is no guarantee that all of them would.

Cal Rolfson - Legislative Council PHARMA: While we are neither for or against this bill, but we expect it to pass. I only testify to tell you that PHARMA will offer to be an active participant in any study conducted during the interim. We would be pleased to be a participant. There is a host of data that is nowhere better available than from PHARMA.

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House Human Services Committee
Bill/Resolution Number SCR 4027
Hearing Date March 21, 2001

Chairman Price: Any questions? Anyone else in favor or neutral? Any opposition? I will close the hearing on SCR 4027. Do you want to take action on this?

(some discussion on preventable deaths)

Rep. Cleary: I move a do pass.

Rep. Weisz: I second.

Chairman Price: I have a do pass for the consent calendar and a second. All those in favor signify by saying Aye. Opposed?

COMMITTEE WORK

MOTION FOR A DO PASS

UNANIMOUS VOICE VOTE

CONSENT CALENDAR

CARRIED BY REP. SANDVIG

Date: 3-21-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SCR 4027

House Human Services Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS & placed on Consent Calendar

Motion Made By Rep. Cleary Seconded By Rep. Weisz

Representatives	Yes	No	Representatives	Yes	No
Clara Sue Price - Chairman	✓		Audrey Cleary	✓	
William Devlin - V. Chairman	✓		Ralph Metcalf	✓	
Mark Dosch	✓		Carol Niemeier	✓	
Pat Galvin	✓		Sally Sandvig	✓	
Frank Klein	✓				
Chet Pollert	✓				
Todd Porter	✓				
Wayne Tieman	✓				
Dave Weiler	✓				
Robin Weisz	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Sandvig

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 21, 2001 1:20 p.m.

Module No: HR-49-6287
Carrier: Sandvig
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4027, as engrossed: Human Services Committee (Rep. Price, Chairman)
recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (14 YEAS,
0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SCR 4027 was placed on the
Tenth order on the calendar.

2001 TESTIMONY

SCR 4027

**TESTIMONY BEFORE THE SENATE HUMAN SERVICES COMMITTEE
REGARDING SENATE CONCURRENT RESOLUTION 4027
FEBRUARY 13, 2001**

Chairman Lee, members of the committee, I am David Zentner, Director of Medical Services for the Department of Human Services. I appear before you to support this resolution.

The cost of prescription drugs in the Medicaid Program has increased dramatically over the past four years and are expected continue their upward spiral with no end in sight.

Drug expenditures for the 1997-99 biennium totaled \$47.1 million, of which \$12.3 million were general funds. This was 17.3% greater than the amount used to build the appropriation for that period. In the current biennium, the Department budgeted \$50.4 million, of which \$15 million are state funds. Our latest estimates indicate that we will actually expend \$63.5 million, of which \$18.9 million are state funds. This is 26% greater than the amount used to build the budget for this biennium.

We are anticipating expenditures in the next biennium to exceed \$80 million.

The Department did attempt to institute a prior authorization process for certain drugs in the current legislative session. We introduced the bill to assist us in providing appropriate and cost effective medications to individuals enrolled in the North Dakota Medicaid Program. That bill was soundly defeated in the House. At this time the Department has few options available to counter the high cost of drugs.

We believe that a study of drug pricing including the impact on the Medicaid Program is appropriate at this time and the Department supports a do pass on this resolution.

I would be happy to answer any questions you may have.

