

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

March 19, 2013

3:03 p.m.

MEMBERS PRESENT

Representative Pete Higgins, Chair
Representative Wes Keller, Vice Chair
Representative Benjamin Nageak
Representative Lora Reinbold
Representative Paul Seaton
Representative Geran Tarr

MEMBERS ABSENT

Representative Lance Pruitt

COMMITTEE CALENDAR

HOUSE BILL NO. 134

"An Act requiring Medicaid payment for scheduled unit dose prescription drug packaging and dispensing services for specified recipients."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 134

SHORT TITLE: MEDICAID PAYMENT FOR MEDISET PRESCRIPTION

SPONSOR(S): REPRESENTATIVE(S) COSTELLO

02/20/13	(H)	READ THE FIRST TIME - REFERRALS
02/20/13	(H)	HSS, FIN
03/19/13	(H)	HSS AT 3:00 PM CAPITOL 106

WITNESS REGISTER

REPRESENTATIVE MIA COSTELLO

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced HB 134, as the sponsor of the bill.

CHARLES GUINCHARD, Staff
Representative Mia Costello

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 134 on behalf of the sponsor,
Representative Costello.

MATTHEW KEITH, Vice President of Pharmacy
Geneva Woods Pharmacy
Anchorage, Alaska

POSITION STATEMENT: Testified during discussion of HB 134.

MARY MUNDELL
Susitna Mediset Services
Wasilla, Alaska

POSITION STATEMENT: Testified during discussion of HB 134.

RUTH DUKOFF
Medical Director
North Star Hospital
Anchorage, Alaska

POSITION STATEMENT: Testified during discussion of HB 134.

PAUL BROTHERTON, Manager
Anchorage Medset Pharmacy, Inc. (AMP Pharmacy)
Anchorage, Alaska

POSITION STATEMENT: Testified during discussion of HB 134.

JON SHERWOOD, Medicaid Special Projects
Office of the Commissioner
Department of Health and Social Services
Juneau, Alaska

POSITION STATEMENT: Testified during discussion on HB 134.

CHAD HOPE, Pharmacy Program Manager
Medical Assistance Administration
Division of Health Care Services
Department of Health and Social Services
Anchorage, Alaska

POSITION STATEMENT: Testified during discussion on HB 134.

CABLE STARLINGS
Anchor House
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 134.

JOANNE SULLIVAN, RN
Hope Community Resources, Inc.
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 134.

PATRICIA SENNER, Family Nurse Practitioner
Alaska Nurses Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 134.

AMY ONEY
Mama's Assisted Living Home
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 134.

KATIE BALDWIN-JOHNSON, Program Officer
Alaska Mental Health Trust Authority
Department of Revenue
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 134.

THERESA BRINSKY, RN
Marlow Manor Assisted Living
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 134.

REESE MCKINNEY
Palmer, Alaska

POSITION STATEMENT: Testified during discussion of HB 134.

SHERRY METTLER
Assisted Living Industry
Kenai, Alaska

POSITION STATEMENT: Testified during discussion of HB 134.

MARY JO METTLER
Northern Lighthouse
Kenai, Alaska

POSITION STATEMENT: Testified during discussion of HB 134.

CHRISTINA JOHNSON
Kenai Eye Care
Kenai, Alaska

POSITION STATEMENT: Testified during discussion of HB 134.

MARY NICHOLSON
Nicholson's Assisted Living Home
Kenai, Alaska

POSITION STATEMENT: Testified during discussion of HB 134.

ACTION NARRATIVE

[3:03:36 PM](#)

CHAIR PETE HIGGINS called the House Health and Social Services Standing Committee meeting to order at 3:03 p.m. Representatives Higgins, Seaton, Reinbold, Nageak, Keller, and Tarr were present at the call to order.

HB 134-MEDICAID PAYMENT FOR MEDISET PRESCRIPTION

[3:04:47 PM](#)

CHAIR HIGGINS announced that the only order of business would be HOUSE BILL NO. 134, "An Act requiring Medicaid payment for scheduled unit dose prescription drug packaging and dispensing services for specified recipients."

[3:05:03 PM](#)

REPRESENTATIVE KELLER moved to adopt the proposed committee substitute (CS) for HB 134, labeled 28-LS0303\P, Mischel, 3/18/13, as the working draft. There being no objection, it was so ordered.

[3:05:50 PM](#)

REPRESENTATIVE MIA COSTELLO, Alaska State Legislature, speaking as the sponsor of HB 134, said that the proposed bill would move an existing program into state statute. She reported that Alaska's population of older than 65 years was the fastest growing in any state and the group of seniors 85 years of age and older was expected to triple in the next 20 years. She declared that the growing cost of health care was a challenge to the state, and would be a consistent issue moving forward. She declared that the mediset program allowed more flexibility for older Alaskans as they made living decisions. She reported that some costs associated with nursing homes and emergency room visits were astronomical. She explained that this program allowed for an enhanced pharmacy service, by packaging medications and delivering them weekly, which decreased the confusion for adherence to a medication regimen. She pointed out that the program was prescribed by a doctor, so that all the medication management would be through a mediset pharmacy. She indicated that it would remove much of the guesswork by home-based caregivers, as the drugs would be packaged by specific

regimen. She pointed out that this program would dispose of unused medications and would better allow monitoring for adherence to medication schedules. She explained that all of this would decrease emergency room visits and help control costs. She declared that this should become a policy, so that the state would continue this valued program. She explained that the program would lead to "overall cost savings when you look at the entire health care system," as it would support care systems that were less expensive than nursing homes or full-time staff to ensure adherence to a medication schedule.

[3:11:27 PM](#)

REPRESENTATIVE NAGEAK asked if mediset was an existing program in Alaska.

REPRESENTATIVE COSTELLO replied that the state had been reimbursing the pharmacies for dispensing this program for many years.

[3:12:07 PM](#)

CHARLES GUINCHARD, Staff, Representative Mia Costello, Alaska State Legislature, offered to discuss the Sectional Analysis for the proposed CS for HB 134 [included in members' packets]. He directed attention to Section 1 of the proposed CS which amended AS 47.07 to establish AS 47.07.031, entitled "Scheduled unit dose prescription drug dispensing services and transportation services." He explained subsection (a), which gave the Department of Health and Social Services (DHSS) the power to reimburse a pharmacy for dispensing services and non-local transportation costs for prescriptions requiring medication compliance packaging. This subsection also gave DHSS the power to adopt regulations specifying which persons qualified for reimbursement under this program. He emphasized that non-local transport referred to the transportation cost to any community without a mediset pharmacy. He also highlighted that DHSS could adopt regulations to determine eligibility for these services, and for those providers who were currently eligible to remain so.

[3:14:05 PM](#)

REPRESENTATIVE SEATON asked to better clarify the areas defined as local delivery.

MR. GUINCHARD offered his belief that the cost for a local delivery, within the same town, was already included in a standard dispensing fee.

[3:15:07 PM](#)

REPRESENTATIVE SEATON asked where non-local delivery cost was specified in the proposed bill.

MR. GUINCHARD directed attention to page 2, line 18, which explained that local delivery cost was included with the mediset fee. He pointed to page 2, line 19, for the definition of non-local delivery. He stated the necessity to separate these in order to allow determination of the non-local costs on a case-by-case basis.

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CHAIR HIGGINS suggested that, although the language in the sectional analysis for AS 47.07.031(a) referenced non-local costs, in the proposed section [AS 47.07.031(a)] there was no mention of non-local costs. He asked if this was to be assumed.

MR. GUINCHARD, in response, said that transportation costs were addressed in two places in Version P, page 1, line 9, which established a dispensing fee and a separate transportation service fee and also on page 2, line 18. He stated that the proposed bill would keep the non-local transportation fee, if necessary, separate.

[3:18:28 PM](#)

MR. GUINCHARD moved on to subsection (b) of the Sectional Analysis, which specified that the dispensing fee established under subsection (a) must include eligible dispensing services including the local transportation costs. He reported that subsection (b) listed the dispensing services associated with pharmacies which were eligible for reimbursement under subsection (a). He clarified that it also specified that the fee established in subsection (a) should not include any service already paid for in another pharmacy dispensing reimbursement, emphasizing that the proposed bill did not intend to duplicate any costs within this additional fee, and would allow the DHSS to take into account any payments already issued under the standard dispensing fee.

MR. GUINCHARD pointed to subsection (c) of the Sectional Analysis, which specified that DHSS would pay for the most economical transportation costs if local delivery was not an option.

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CHAIR HIGGINS asked if there was a fiscal note for the economical transportation cost.

MR. GUINCHARD replied that there was not yet a fiscal note, explaining that proposed HB 134 had been submitted to DHSS, and DHSS had raised concerns, although those concerns did not alter the intent of the bill. He said that DHSS would now provide a fiscal note based on Version P, which had addressed many of the department's concerns.

[3:21:39 PM](#)

REPRESENTATIVE REINBOLD requested clarification that the transportation was only for the product, not for a person.

MR. GUINCHARD replied that this was determined on a case-by-case basis, as local transport sometimes included a representative from the pharmacy for delivery of the medication. He opined that special shipping or handling for non-local transport may include a pharmacy representative.

REPRESENTATIVE REINBOLD asked if rural delivery would include a pharmacy representative.

MR. GUINCHARD explained that this clause had been inserted because some communities required a float plane or a snow machine to deliver the medications. He said that this gave DHSS some discretion to determine the most economical transport, as there were too many cases to spell out in statute.

[3:23:32 PM](#)

REPRESENTATIVE REINBOLD asked if a pharmacy professional, instead of a courier, would be the delivery person. She offered that the difference in hourly wage between a pharmacist and a courier would be "dramatic."

MR. GUINCHARD replied that he did not have a specific answer and suggested that DHSS might better respond.

[3:24:21 PM](#)

CHAIR HIGGINS clarified that it was not the intent to pass the bill out of committee today.

[3:25:00 PM](#)

REPRESENTATIVE KELLER asked if private health insurance included these transportation costs. Noting that not all pharmacists were qualified for mediset, he asked if there was concern for any impact to a small, local pharmacy.

MR. GUINCHARD replied that the intent of the proposed bill was to establish reimbursement for those pharmacies that "go above and beyond what a traditional pharmacy would do." He expressed agreement that not all pharmacies could provide this additional service.

MR. GUINCHARD, in response to Representative Keller, said that he did not know if private insurance would cover this additional cost.

[3:27:17 PM](#)

REPRESENTATIVE SEATON asked for clarification as to whether the language on page 2, line 5, of the proposed bill referred to the training of the courier or the packager in the pharmacy.

MR. GUINCHARD explained that this referred to a representative of the pharmacy handling the packaging.

[3:28:39 PM](#)

MR. GUINCHARD elaborated on subsection (d), which allowed a pharmacy to consolidate all of an individual's medications into medication compliance packaging, as long as at least one of the medications was designated to require this packaging service. He said that medications not specified by a provider were not eligible for reimbursement. He declared that currently a physician was required to write mediset on each prescription, and if that was not written, it was necessary for the pharmacy to follow up with the physician to check if it could be included in the mediset package. He said that the intent of subsection (d) was to allow pharmacies to take the initiative to consolidate all of a person's medications.

[3:29:46 PM](#)

REPRESENTATIVE KELLER asked if non-prescription drugs would be included. He asked if drugs bundled in this manner were more expensive than if purchased over the counter.

MR. GUINCHARD directed attention to Version P, page 2, line 25. He read: "However, a dispensing fee established under (b) and (c) of this section may be paid only for the prescription that requires medication compliance packaging." He explained that this would allow the medication to be included in the packaging, but would not allow for any oversight fee to be charged.

[3:31:07 PM](#)

REPRESENTATIVE SEATON asked if a patient receiving mediset medications could order from many different pharmacies.

MR. GUINCHARD replied that, as the fee was tied to each prescription, the cost should remain the same.

REPRESENTATIVE SEATON asked to clarify whether the fee was only paid once with multiple packaging, or would it be paid for each medication listed as mediset.

MR. GUINCHARD replied that the current system allowed for a reimbursement to the pharmacy for each prescription included in the mediset packaging; however, the proposed bill would set a rate for each prescription included in the packaging. If a physician did not indicate that a medication was necessary for mediset, it could be included in the packaging, but would not be eligible for the additional fee.

[3:34:39 PM](#)

MR. GUINCHARD presented subsection (e), which specified that a pharmacy would receive payment if all the specified services in the reimbursement fee criteria were provided. He explained that DHSS would establish one fee, based on a survey, for the provision of these services. He declared that, as the reimbursement would be uniform, then the services had to also be uniform.

MR. GUINCHARD indicated that subsection (f) defined medication compliance packaging, and unit dose. He explained that Section 2 amended uncodified law to specify that any change to Medicaid was subject to final federal approval, and that Section 3

provided an effective date contingent on the necessary federal approval under Section 2.

[3:36:25 PM](#)

CHAIR HIGGINS asked to clarify that, should the proposed bill become statute, any loss of federal money would obligate that the state pay for the program.

MR. GUINCHARD explained that the intent of Sections 2 and 3 was that, in the event that the federal government did not approve this as a Medicaid system eligible to receive a federal reimbursement, the bill would not take effect.

[3:37:37 PM](#)

CHAIR HIGGINS requested clarification of the following language on page 2, line 1: "the fee shall reimburse a qualified pharmacy for the following dispensing services if the services are not otherwise reimbursed under this chapter." He asked whether the state would have to pay if federal funding was eliminated.

MR. GUINCHARD deferred that question to DHSS.

[3:38:16 PM](#)

REPRESENTATIVE REINBOLD, referring to page 2, line 9, asked if the on-call licensed clinical pharmacist billing had already been paid.

MR. GUINCHARD replied that this was one of the criteria for the service above and beyond that of a traditional pharmacy; hence it would be considered when establishing the reimbursement fee.

CHAIR HIGGINS asked what brought about this proposed bill, and whether this would have any effect on adaptation with the Affordable Care Act.

[3:40:32 PM](#)

REPRESENTATIVE COSTELLO replied that the state would still promulgate regulations; the proposed bill would put a policy directive into statute and the state would continue to maintain its flexibility. She shared that the proposed bill determined that reimbursement to an enhanced pharmacy should be in statute for its savings in health care for an individual. She declared

that the State of Alaska was not under any obligation if the federal government did not approve the program.

[3:42:28 PM](#)

REPRESENTATIVE KELLER referenced a report that there were about 2 million health crises annually in the United States resulting from medication mistakes. He asked if the state could afford to do this.

[3:43:43 PM](#)

REPRESENTATIVE SEATON asked about the proposed changes to regulations, and whether the physician or the pharmacist would determine that the mediset supply would be for 7 days or 30 days. He pointed out that the longer dosage would decrease the dispensing fee.

MR. GUINCHARD in response, pointed to Version P, page 3, line 5, and clarified that the use of the term "mediset" could be a brand name, and was, instead, referred to in the proposed bill as "medication compliance packaging." He stated that the specified period was designated by an authorized health care provider.

[3:47:14 PM](#)

REPRESENTATIVE SEATON requested that testimony from the pharmacies specify whether a prescription for a 30-day supply would be dispensed as a 30-day supply, or as a 7-day supply dispensed 4 times. He also requested an explanation as to how the delivery charge would be determined.

[3:47:53 PM](#)

REPRESENTATIVE REINBOLD asked whether mediset was a copyright term, or if any pharmacy could use this.

MR. GUINCHARD said that he had not encountered any copyright issues, and that, as there were variations to the term, the proposed legislation had included a definition.

[3:48:51 PM](#)

REPRESENTATIVE REINBOLD expressed her agreement that the packaging was helpful and useful to patients.

[3:49:14 PM](#)

CHAIR HIGGINS opened public testimony.

[3:50:44 PM](#)

MATTHEW KEITH, Vice President of Pharmacy, Geneva Woods Pharmacy, offered his belief that mediset services were easily confused to be "simply a way to package medication, and that's called compliance packaging." He declared the importance for understanding that it included clinical services, care coordination, and packaging of medication to optimize adherence by patients, which helped reduced "the 125,000 deaths attributed to poor adherence in a year, or the \$300 billion in excess hospitalizations, ER visits and lost productivity." He showed a short video about mediset services.

[3:56:43 PM](#)

MR. KEITH, noting that other pharmacies also offered this clinical pharmacy service with compliance packaging, stated his belief that it allowed patients to remain at a lower level of care, which saved considerable cost to the overall health care system. He pointed out that drug therapy was the primary intervention for health care, and was less than 10 percent of the total cost of health care, whereas hospitalization and physician visits could each be more than 30 percent of the total health care cost. He declared drug therapy to be a cost effective mechanism for providing care, but that it was necessary for patients to take the drugs, in order for this to work. He explained that short cycle dispensing, as opposed to 30-day prescriptions, was mandated for long-term care by the Centers for Medicare and Medicaid Services (CMS), as it allowed for medication changes, without the waste from unused prescriptions. He shared that reports from other states indicated that the use by Alaska of assisted living homes for elder care and compliance packaging was "ahead of the curve." He reported that, in Canada, 26 percent of the people received their medicine in compliance packaging, versus less than 2 percent in the U.S.

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MR. KEITH, in response to Chair Higgins, said that the time for pharmacy staff to coordinate with the physicians and other care givers to ensure that all the medications were identified and properly included, the process for the clinical review, the

packaging, and the delivery was a significantly greater cost than the over-the-counter pharmacy service. He reported that the proposed changes to eliminate the reimbursement for this service would have made it impossible to maintain the service.

[4:00:19 PM](#)

REPRESENTATIVE SEATON asked for a definition of local and non-local delivery, as listed in the proposed bill.

MR. KEITH said that local would be defined as a reasonable drive distance, whereas non-local would be characterized as necessary to be mailed or shipped.

REPRESENTATIVE SEATON asked what would be included as local delivery by an Anchorage pharmacy.

MR. KEITH offered his belief that Alaska regulations defined this as a 50-mile radius, which he confirmed was practical.

REPRESENTATIVE KELLER asked if this service posed any risk for a pharmacy, and would it increase the insurance cost.

MR. KEITH affirmed that an increase to the level of service for clinical care included an increased risk with liability for failure to perform the service well.

[4:02:31 PM](#)

CHAIR HIGGINS asked whether there was a level of training for the delivery person.

MR. KEITH, in response, said that the Geneva Woods delivery personnel were licensed pharmacy technicians, trained for an understanding of mediset containers.

[4:03:10 PM](#)

REPRESENTATIVE REINBOLD asked if these same licensed pharmacy technicians would deliver to a rural address.

MR. KEITH replied that this would not be practical or cost effective. He stated that there would be a follow up phone call with the patient, for any additional or supplemental education.

[4:03:52 PM](#)

REPRESENTATIVE SEATON asked if the non-local delivery would be with Fed Ex, UPS, or similar.

MR. KEITH expressed his agreement.

[4:04:21 PM](#)

MARY MUNDELL, Susitna Mediset Services, clarified that, although there were delivery services which included Fed Ex, her organization was a delivery service with drivers who delivered from Sutton to Talkeetna.

[4:05:23 PM](#)

RUTH DUKOFF, Medical Director, North Star Hospital, stated that her facility used mediset for its residential children as it increased the safety for medication distribution to both the child and geriatric populations. She declared that it was a responsibility of the state and society to provide these vulnerable populations with extra protection.

[4:07:23 PM](#)

REPRESENTATIVE SEATON asked if the reimbursement fee should be determined by each mediset kit, or by each prescription. He asked if her prescriptions were for seven days, or longer.

DR. DUKOFF said that her patients' medications were more actively changed, as they had not stabilized enough to return to home, so that mediset was delivered each week.

[4:09:10 PM](#)

CHAIR HIGGINS asked if her hospital had its own pharmacy, similar to the Pioneer Home.

DR. DUKOFF clarified that her hospital did not have its own pharmacy.

[4:10:00 PM](#)

REPRESENTATIVE KELLER asked if the Pioneer Home used a similar distribution to mediset.

MS. MUNDELL, noting that there was not specific representation from the Pioneer Home, offered her belief that the Pioneer Home used a mediset type distribution, possibly on a weekly basis.

She pointed out that some residents of the Pioneer Home were allowed to use their pharmacy of choice.

4:11:23 PM

PAUL BROTHERTON, Manager, Anchorage Medset Pharmacy, Inc. (AMP Pharmacy), established that the proposed bill was necessary because there had been an emergency regulation passed on September 7, 2011, by the State of Alaska Medicaid office, which "severely limited providers and patient access to medset pharmacy, by defining a rule" that only a pharmacy doing at least 75 percent of its business in mediset could be reimbursed for those services. He offered his belief that only three pharmacies in Alaska qualified under this definition, which limited access to the service. He declared that the changes in regulation would have eliminated reimbursement to a pharmacy for mediset services. He explained that the term "scheduled uni-dose preparation drug dispensing service" was accurate for 7-, 28-, and 30-day dispensing cycles. He stated that the decision to use these time frames to dispense medications was made by the physician. He declared that these mediset services were necessary for assisted living facilities, and for any patient who had difficulty in complying with medication therapy. He observed that the mediset service had improved patient compliance, and decreased medication errors, for these patient populations. He emphasized that the mediset program should not be viewed as an expense; the use of the compliance packaging program, when administered correctly, saved the state money in several areas: fewer physician visits and fewer hospital visits, a decrease in the necessity for patient transport, and a decrease for the need of skilled nursing in assisted living facilities. He reported that the seven-day dispensing cycle reduced medication waste as there could be frequent medication changes for this population. He summarized that the mediset program was necessary, was the right thing to do for patient care, and was saving the state money.

4:16:13 PM

REPRESENTATIVE REINBOLD asked Mr. Brotherton to repeat the purpose and the date for the regulation change to require that pharmacies had to have at least 75 percent of its business in mediset to be reimbursed for those charges.

MR. BROTHERTON replied that, although the new regulations technically went into effect on January 1, 2011, many of the components did not actually take effect until September 7, 2011.

He said that all reimbursement would have ceased at that time, if emergency regulations had not been passed which provided for reimbursement for mediset services to those pharmacies which provided at least 75 percent of their overall prescription volume in mediset. He offered his belief that only three pharmacies in Alaska would be able to meet these requirements.

REPRESENTATIVE REINBOLD expressed her alarm for the impact to the state budget from the transportation costs for 7-day packaging and the requirement for a 24-hour pharmacist.

MR. BROTHERTON, in response, explained that the packaging was for seven days, with four time slots per day. He reported that his pharmacy only delivered in the Anchorage area, but that the other pharmacies which delivered outside the area had postage expenses.

[4:20:41 PM](#)

CHAIR HIGGINS repeated the earlier question for regulations that now only allowed for three pharmacies to deliver mediset packages.

JON SHERWOOD, Medicaid Special Projects, Office of the Commissioner, Department of Health and Social Services, said that Chad Hope could better answer the question, as he was the Pharmacy Manager.

[4:21:04 PM](#)

CHAD HOPE, Pharmacy Program Manager, Medical Assistance Administration, Division of Health Care Services, Department of Health and Social Services, opined that between three to five pharmacies would currently qualify as mediset pharmacies.

[4:21:42 PM](#)

REPRESENTATIVE KELLER asked for "some insight into what the fiscal note will look like."

MR. SHERWOOD replied that, as DHSS had only recently received proposed Version P, there had not been an opportunity to develop a fiscal note.

[4:22:45 PM](#)

REPRESENTATIVE SEATON expressed his concern for the non-local delivery charge, and asked for a more specific definition. He questioned whether the definition would constrain the pharmacies.

MR. SHERWOOD said that the phrase "most cost effective method" allowed DHSS to make a distinction between the appropriate economical methods and the convenient, but more expensive, methods.

[4:24:12 PM](#)

MR. HOPE offered his belief that the language of the proposed bill combined and separated different items. He questioned whether there was a dispensing fee, an additional compliance packaging fee, and an additional postage or shipping fee, all being combined and confused in the language of the proposed bill. He declared that DHSS encouraged the use of flat rate shipping over the use of a float plane to Kodiak. He said that specifying a particular route of delivery could be more economical, but could be challenged in the future. He declared it to be a tightrope walk between the decision to allow flexibility or to incorporate system controls which keep the cost within the budgetary constraints.

[4:25:45 PM](#)

REPRESENTATIVE SEATON asked if there was a specification for non-local delivery that would satisfy all the current methods for shipping to local communities.

MR. KEITH replied that the majority of the local medisets were delivered by staff; however, it was typical to use the USPS flat rate, the bus, or other standard postal services for non-local delivery.

[4:27:20 PM](#)

REPRESENTATIVE TARR asked if the earlier regulation change had been intentionally imposed as cost containment.

MR. HOPE asked to clarify that she was referring to the September 2011 revision. He explained that those regulations were not intended to not reimburse for mediset services, but for the dispensing fee to cover the cost of getting the medication to the recipient. He read: "the dispensing fee includes only pharmacy costs associat[ed] with ensuring the possession of the

appropriate covered outpatient drug is transferred to a Medicaid recipient." He allowed that, as delivery was built into the single dispensing fee, a separate fee had not been included in the initial regulation. He declared this to be a modernization of the reimbursement system, and reiterated that it was not an attempt to not reimburse.

REPRESENTATIVE TARR requested clarification as to whether it was inadvertent to not have an appropriate fee to cover enhanced services.

MR. HOPE replied that it was not inadvertent as DHSS had performed a survey to determine the cost to dispense, which included the overhead, the salaries, the benefits, the building cost, packaging, and everything else allowable. He said there was a 100 percent response to this survey from the pharmacies in Alaska. He reported the DHSS had tested its hypothesis that costs associated with dispensing a prescription for unit doses, medisets, or compliance packaging were not appreciably higher.

[4:30:45 PM](#)

REPRESENTATIVE TARR offered her belief that it was more expensive than originally thought.

[4:30:56 PM](#)

REPRESENTATIVE REINBOLD, stating her support of mediset and noting that this was the fourth time she had asked this question about the dramatic cost difference for delivery systems, asked DHSS to identify the percentage of population that required the more expensive delivery system and "are we already paying for that." She also asked about the requirement for a pharmacist to be on call at all times, and if this was also already being billed to the State of Alaska.

[4:32:01 PM](#)

MR. HOPE, in response to Representative Reinbold, said that both the in-town delivery and the pharmacist salary were allowable costs, which could be included in the calculation for the dispensing fee. He opined that should more pharmacies begin to staff for all hours and deliver prescriptions in a non-economical way, the dispensing fee would increase as the allowable cost would increase.

[4:33:18 PM](#)

REPRESENTATIVE REINBOLD asked if it was required for every mediset dispensing pharmacy to have an on-call pharmacist at all times.

MR. HOPE offered his belief that the proposed bill would require each pharmacy with this practice to have a pharmacist available at all hours.

MR. KEITH expressed his agreement that the proposed bill required an on-call pharmacist be available; however, he pointed out that each of the participating pharmacies already included this service. With regard to the DHSS survey identifying that the cost for dispensing medisets was no different than the cost of dispensing retail prescriptions, he said that all the pharmacists had fundamentally agreed that "the survey data was flawed and that the denominators were different." He expressed his disagreement with the findings of the DHSS survey.

[4:35:14 PM](#)

CABLE STARLINGS, Anchor House, said that he had operated a large assisted living home for 63 adults, Anchor House, for almost 27 years. He spoke in support of HB 134. He said that the medisets were a very important component to living successfully in the community as the organization of the meds allowed residents to overcome their personal obstacles and integrate into the community from the assisted living homes. He reported that since many assisted living homes did not have nursing staff, the staff would monitor medication administration.

[4:37:59 PM](#)

JOANNE SULLIVAN, RN, Hope Community Resources, Inc., stated that she was in support of HB 134. She said that many patients required multiple types of medications and that the pharmacy ensured that the proper dosages were taken in combination. She pointed out that, although she was not a pharmacist or a fiscal analyst, it was going to be more expensive for a pharmacist to do medisets, but this was still cheaper than care givers, assisted living, or hospital visits. She explained that refills never allowed doctors or pharmacists to monitor for compliance, whereas, medisets in weekly packages revealed the level of compliance. She expressed that it was "penny-wise and pound foolish" to attempt to conserve money by not paying mediset distribution costs.

[4:42:47 PM](#)

REPRESENTATIVE SEATON asked if all the prescriptions were handled by the same mediset, or did different pharmacies distribute separate medisets.

MS. SULLIVAN replied that she had never experienced any complaints about mediset, and that there was a much higher likelihood for a hospital to better identify the pharmacy provider through a mediset.

[4:44:23 PM](#)

CHAIR HIGGINS asked to clarify whether a patient could have multiple medisets from different pharmacies.

[4:45:24 PM](#)

MR. KEITH replied that patients had choice, but that it was best for one pharmacy to take care of the patient's entire medication regimen. He said that a pharmacy would communicate directly with both the patient and the caregiver to clarify that the pharmacy was the caregiver for the medication therapy. He noted that should a patient choose to go to another pharmacy, then all the medications would also be moved to that pharmacy, to ensure the oversight and necessary clinical pharmaceutical care. He expressed his agreement that a patient could go to any pharmacy to fill a prescription, but he emphasized that there was a clinical agreement with the patient for all the medication to come from the same pharmacy, in order to allow for proper medication management. He pointed out that should there be an attempt to again fill the same prescription through a different pharmacy, Medicaid and private insurance would inform the pharmacy to reject the claim, so that it would not be filled twice.

[4:46:48 PM](#)

PATRICIA SENNER, Family Nurse Practitioner, Alaska Nurses Association, said that the organization was "quite appalled" upon hearing that the reimbursement for mediset was going to be discontinued. She declared that it was obvious there was an increased cost for this procedure, and that the state should bear this increased cost. She opined that this increased cost was slight compared to the consequence of not properly taking medication. She reported that, as most of her career work had been in the community setting, many people were able to remain

living in the community because of the availability of the mediset program. She expressed her support for Version P as it allowed increased eligibility for the benefits. She suggested that, as some patients were more stable than others, the weekly dispensing package was most effective.

[4:48:43 PM](#)

AMY ONEY, Mama's Assisted Living Home, reiterated that the mediset service was invaluable. She pointed out that the cost for nurse staffing with medication management and compliance training would not be supportable. She said that her staff was trained to monitor. She declared that there would be substantial risk to have the necessary quantity of drugs on site. She stated that the mediset program allowed people to live in assisted living and not in an institutional setting for care.

[4:51:23 PM](#)

KATIE BALDWIN-JOHNSON, Program Officer, Alaska Mental Health Trust Authority, Department of Revenue, pointed out the Alaska Mental Health Trust Authority had submitted a letter of support for HB 134, as the Trust "vehemently advocates for trust beneficiaries to be able to reside and live as independently as possible in the community." She declared that the mediset program was important to many beneficiaries who needed that level of support. She declared that the Trust was in support of the proposed bill.

[4:52:46 PM](#)

THERESA BRINSKY, RN, Marlow Manor Assisted Living, expressed her agreement with the earlier comments of support, and noted that she had submitted a letter to the bill sponsor, Representative Costello. She stated the need for this to be in statute, as this was the third year of discussion regarding the cutting of the mediset program. She emphasized that the mediset program service should be in statute, and she explained how difficult it would be for her assisted living program without mediset.

[4:54:43 PM](#)

REESE MCKINNEY offered a response to an earlier question by Representative Seaton. He noted that, as a veteran, he could utilize the Veterans Administration medical services. He said that his local pharmacy would occasionally not have his

necessary medication. He questioned whether receiving medication from different pharmacies would prove difficult for payment reimbursement.

[4:56:41 PM](#)

SHERRY METTLER, Assisted Living Industry, offered her thanks for the proposed bill. Pointing to page 1, lines 11-12, she declared that this should not be limited to any living situation. She declared that the assisted living industry was in support of HB 134 for many reasons, which include resident safety, frequent medication changes, cost shifting, and storage of medications. She elaborated on the proposal for weekly versus monthly dispensing of mediset, saying that it was dangerous for an assisted living home, its residents, and the community to store a high volume of medications in a non-secured facility. She expressed her gratitude for the mediset program and to the pharmacies which supplied the service, declaring that this service should be reasonably compensated. She summarized: "in this world of craziness, and budget trimming, there are just some items that cannot be justifiably removed from the fiscal plan. [Medisets] for vulnerable adults are one of those items." She emphasized that this service was crucial and necessary in the assisted living environment as the increasing level of residential care mandated its use.

[5:00:08 PM](#)

MARY JO METTLER, Northern Lighthouse, pointed out that studies had shown that the lack of medication adherence was the fourth leading cause of death in the United States, with an annual cost to the health care system of more than \$150 billion. She stated that this proposed bill was about safety, fiscal responsibility, and common sense.

[5:01:28 PM](#)

CHRISTINA JOHNSON, Kenai Eye Care, stated her agreement with the previous testimonies. She expressed her concern for the safety of residents in assisted living.

[5:02:01 PM](#)

MARY NICHOLSON, Nicholson's Assisted Living Home, stated that this proposed bill was about keeping the residents safe, well, and out of the hospital due to any misuse of medication. She

expressed her agreement with limiting the amount of medication stored at the assisted living facilities.

5:03:00 PM

CHAIR HIGGINS left public testimony open. He stated that HB 134 would be held over.

5:03:42 PM

ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 5:03 p.m.