

ALASKA LEGISLATURE COMMITTEE FILES 1983-1984 86/2

2381 SHESS HB 10 - HB 39 2381

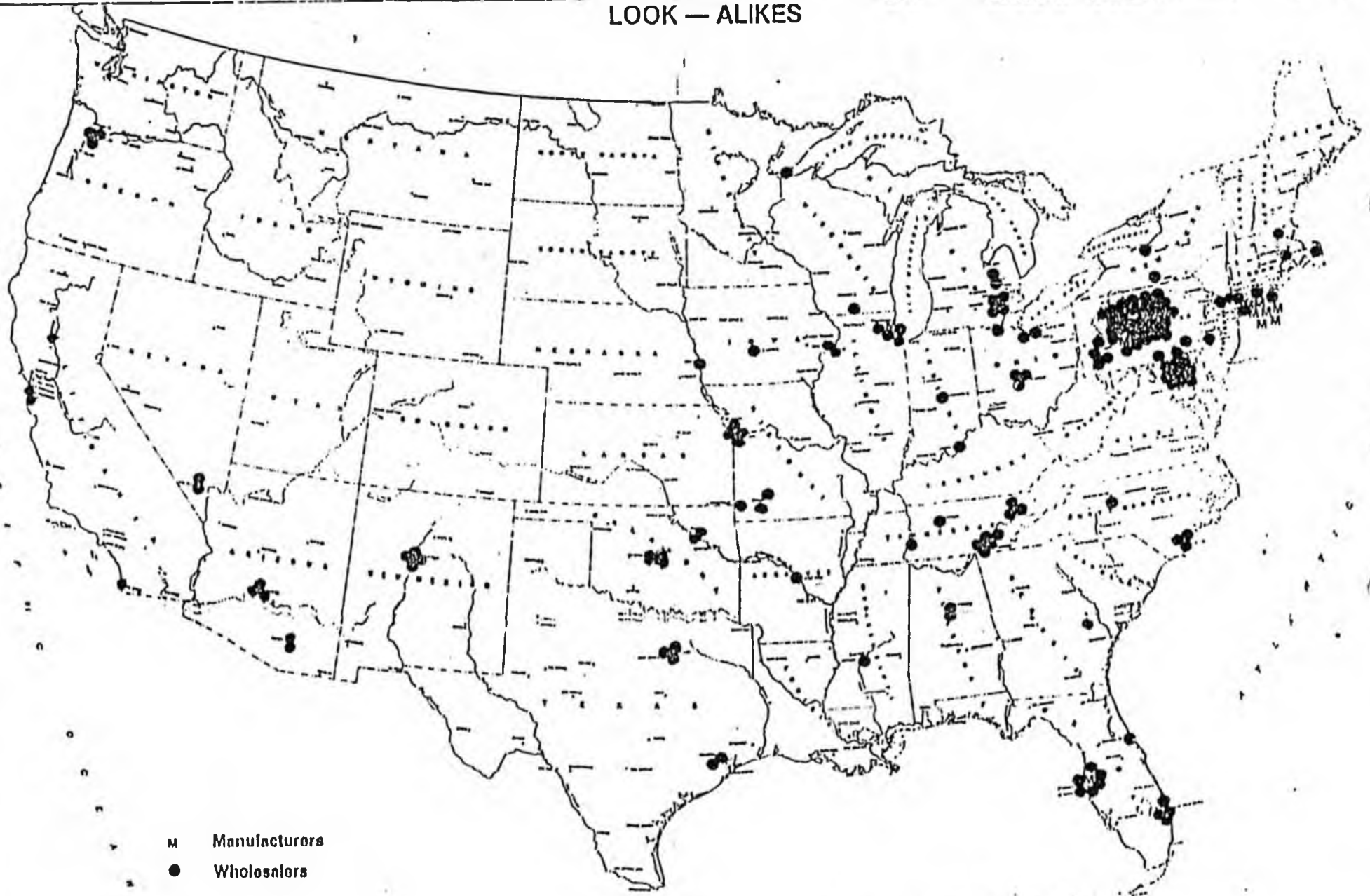
The actions described above comprise a promising start toward ending the nation-wide trafficking in look-alikes. It is too early to make an accurate evaluation of the overall damage suffered by look-alike traffickers, but there is room for some optimism. Continuing action by federal agencies, state and local governing bodies, the pharmaceutical industry, and the public will be required to eliminate the look-alike problem from this country.

Laurence B. Golden
Office of Intelligence
November 2, 1981

(202) 633-1263

UNITED STATES

LOOK — ALIKES



M Manufacturers

● Wholesalers



ITEMS OF INTEREST

COCAINE SUBSTITUTES

The growing popularity of cocaine as a recreational drug and the economics of its high price and limited supply have led to the widespread use of substitute drugs. These compounds appear as adulterants in street cocaine samples and are also promoted as legal alternatives to cocaine itself. The number of users reporting adverse reactions to these substitutes is increasing concomitant with the sales of these drugs in paraphernalia shops, health food stores, grocery stores, and via magazine mail order. I have recently examined 61 users reporting these undesired effects and have analyzed the contents of their cocaine substitutes. I have also seen four patients requiring clinical attention for cocaine substitute reactions at the UCLA Neuropsychiatric Institute.

Most cocaine substitutes appear as adulterants in street samples because they mimic the physical and/or pharmacological properties of cocaine itself. The most common substitutes are sugars (mannitol, lactose, dextrose, sucrose, inositol), local anesthetics (procaine, lidocaine, benzocaine, tetracaine, butacaine), and inert diluents (talc, flour, corn starch). Rarely, other drugs and minerals are found including acetaminophen, amphetamines, ascorbic acid, boric acid, caffeine, calcium, heroin, ketamine, magnesium sulfate, methaqualone, pemoline, phencyclidine, potassium, quinine, salicylamide, and sodium bicarbonate. A preparation known as "Green" or "Special LA Coke" has been identified as ketamine and mannitol. This has been associated with cases of hallucinosis and transient psychosis. "California Brown" is promoted as a cocaine and coffee substitute and contains a mixture of ground tobacco and trace amounts of metamphetamine. This latter substitute has resulted in several emergency room admissions with diagnosis as nonfatal nicotine poisoning marked by insomnia and nausea.

A rapidly growing number of products promoted directly or indirectly as cocaine substitutes are currently advertised and purchased in the United States. In order to circumvent FDA controls, manufacturers package the substitutes as incenses; and some provide labels that caution against inhaling vapors or human drug use. However, many of these products are psychoactive when burned even as an incense

and few list the active ingredients. Their intended use as legal alternatives to cocaine is unmistakably evident from advertising statements including: "new legal cocaine substitute" (Ma-Huang*); "will bring a smile to your face and blow your troubles away" (Coca Leaf Incense*); and "like the real thing" (Rock Crystal Snuff*). Following intranasal or inhaled use, most users report feelings of excitement, stimulation, mental alertness, and even euphoria. While placebo effects cannot be ruled out, the amounts of stimulants present are substantial. For example, an average dose of Cocafine Snuff* delivers 75mg of caffeine while an average dose of Cokesnuff* can deliver 20 - 60mg of nicotine and result in nonfatal poisoning.

However, most cocaine substitutes do not produce adverse reactions but do mimic the physical appearance of cocaine hydrochloride and, often, some of cocaine's physical properties as well (e.g., melting point, bitterness, numbing, solubility). Some cocaine substitutes, like the look-alike stimulants, may also possess strong psychoactive properties. Indeed, lidocaine is a popular substitute and has been found to have stimulating effects similar to cocaine after intranasal application. Cocaine smokers also report that the smoking of pure lidocaine is similar to cocaine free base. Lidocaine, when administered in high doses, also produces cocaine-like seizure activity in the brain. This may help explain the observed stimulation and arousal in such users. Many users will mix such substitutes with street cocaine hydrochloride prior to extracting the cocaine free base for smoking. In addition, several substitutes (e.g., Florida Snow*) are designed to be added to free base itself; and many others contain volatile psychoactive bases (e.g., lidocaine) which will survive the chemical extraction processes and can be smoked.

The widespread use of cocaine substitutes presents several problems for the narcotics officer. Plain view of a white cocaine-like powder, even when the arresting officer observes the suspect to administer it intranasally, may no longer be sufficient evidence for search and seizure. In a Tennessee federal trial (United States vs. Baldwin), the defendant was seen sniffing a white powder from a small glass vial but no evidence was obtained at that time. The observing police officers testified that the powder was cocaine, although they based their opinion only on the visual characteristics observed at some distance. The defense produced a large assortment of commercially available cocaine substitutes, all of

which were legal white powders used intranasally. They were displayed to the jurors who dismissed one of the counts against the defendant.

The cocaine substitute problems are not likely to disappear quickly. Increasing user familiarity with intranasal cocaine will most likely increase the experimental intranasal use of other stimulant drugs. The reports of associated adverse reactions with cocaine substitute use, and the rarity of such reports with pure cocaine, suggest that the "real thing" is less problematic in normal patterns of use than its substitutes.

Quantitative analyses of several popular cocaine substitutes available in the Western United States were performed by myself and colleagues in the Clinical Pharmacokinetic Laboratory at the USC School of Pharmacy. When more than one sample of the product was analyzed, it is listed as a "Batch" number. The inconsistency in the analysis of different batches reflects poor quality control by the product manufacturer. All product names are registered trade marks or copyrighted names. Adulterants, but not diluents, were assayed here....

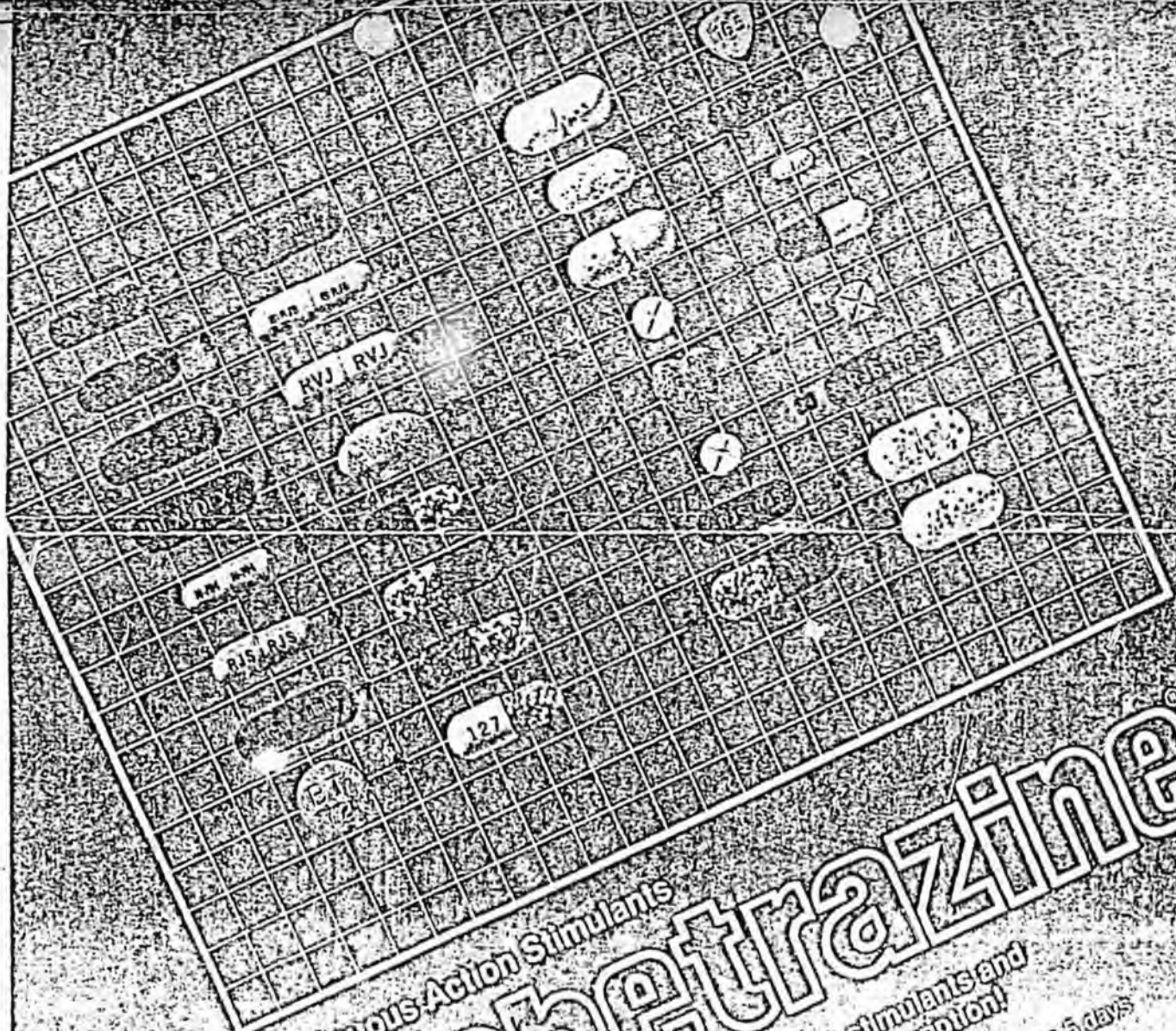
*Registered Trade Name or Copyrighted Name.

<u>Cocaine Substitute Trade Name</u>	<u>Quantitative Results</u>
Coca Leaf	Procaine 59.4% Caffeine 14.4%
Coco Snow (Batch #1)	Benzocaine 32.5% Procaine 32.0% Caffeine 8.7%
Coco Snow (Batch #2)	Benzocaine 20.0% Procaine 12.1% Caffeine 4.3%
Crystal Caine	Caffeine 51.0% Phenylpropanolamine 22.9%
Florida Snow	Lidocaine 23.0%
Milky Trails (Batch #1)	Lidocaine 51.6% Ephedrine 1.1%

Milky Trails (Batch #2)	Lidocaine 26.8% Ephedrine 11.0%
Pro-Crystal (Batch #1)	Benzocaine 14.9%
Pro-Crystal (Batch #2)	Benzocaine 22.0%
Pseudo Caine (Batch #1)	Phenylpropanolamine 53.7% Ephedrine 26.7%
Pseudo Caine (Batch #2)	Phenylpropanolamine 59.6% Ephedrine 32.1%
Pseudo Caine (Batch #3)	Phenylpropanolamine 91.9%
Real Caine (Batch #1)	Phenylpropanolamine 77.4% Benzocaine 2.6%
Real Caine (Batch #2)	Phenylpropanolamine 67.0% Ephedrine 33.0%
Real Caine (Batch #3)	Phenylpropanolamine 51.5%
Repro Crystals	Procaine 59.0% Caffeine 24.8%
Rock Crystal	Procaine 28.4% Benzocaine 5.8%
Summa Caine (Batch #1)	Phenylpropanolamine 7.5%
Summa Caine (Batch #2)	Phenylpropanolamine 71.9%
Synth Coke (Batch #1)	Ephedrine 2.7%
Synth Coke (Batch #2)	Pseudoephedrine 13.0%
Toot	Benzocaine 41.3% Caffeine 20.3%
Ultra Caine	Ephedrine 25.1%

Submitted by

Ronald K. Siegel, Ph. D.
Dept. of Psychiatry and Biobehavioral Sciences
University of California, Los Angeles



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too with your innards, my friend, and your
outerwards ain't very pretty, either. Here
Sambu, lemme sit on that one up."

Maclehearn gently pinched the top end
of a marvelous crimson woad that arced
around the left quarter of Connie's bread
basket, and ran a suture through it without
drawing a speck of extra blood. "Now, you
don't want to know how fucked up you are,
Connie," he said conversationally. "Your
job now is, you just lay back and let us carry
you home. Don't think about nothing un-
less n it's pussy and air-conditioning,
okay?" He looked up from his amazingly
precise stitch work and rattled off a string of
Hmong at a couple gooks chopping up the
bamboo with machetes. "We're gonna
make you a nice poncho stretcher and carry
you straight on home, all the way home,
like an Abyssinian prince on his imperial
palanquin. You just think about that, my
man."

Abyssinia was a pleasant thing to think
about, to take a person's mind off his ter-
rible injuries. It was high up in Africa, Con-
nie had heard somewhere, they called it
Abyssinia because the mountains were so
high. High and cool and dry. Abyssinia was
a fine, cool place to think about, instead of
being all crushed and bugged up and
bloody in this jungle sumphole. He would
like to visit Abyssinia. In fact, he could
dream himself there, with no effort at all.

Every time Connie started to come down
out of it, over the day and a half it took them
to get him to a Medevac unit, the specialist
Maclehearn fixed him up with another
dose of Doc Dai's Number Four. Once at
night, he realized that they were under fire,
because of the fascinating musical patterns,
exquisitely meaningful in their regular irreg-
ularity, created by the incoming and
outgoing. "It's another kind of singing to-
gether," he told Maclehearn. "It's really
another way people have of singing with
each other. Can you understand that,
Maclehearn?"

"Sure, Connie. It's a big old E-wise
jamboree." Maclehearn slung off another
rocket into the jungle, and someone started
screaming. "That fucker just turned into
soprano, Connie. Give us E over high
slope!" And he flung another rocket into a
different place.

The Medevac orderly tried to fix him up
with Demerol, but Maclehearn wouldn't
hear of it. "This boy's on a special prescrip-
tion from Doctor Dai in Saigon, my man.
He got so fucked up on the Trail, he deserves
nothing but the best."

"But he's got no special—"

"Shut your hole, friend," Maclehearn
said in an easy voice that would have shut
up Lyndon Baines Johnson himself. It was
the last thing Connie ever heard him say
and remembered. Once they got him to the
marine base, they started giving him some-
thing different, something that took his
memory clean away, and filled his head
with wild animals and ghostly noises.

continued on page 83

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root. No more propitious opportunity would ever offer itself for killing Price, that was all he could think of.

The V.C. snipers—if they were V.C., and not Kuomintang, which was more likely—had been scared off by the shelling, it seemed, knock wood. Unholstering his Luger and snapping a round in the chamber, Connie plastered himself by the door of the blockhouse and waited for Price to dash out.

But no dash. "Goddamn sunbitch clumsy marine!" the major was yammering. "You pick up all Doc Dai's fucking money here, man. You no take off with Doc Dai's dope and leave his money all over the floor, marine. I kill you here fucking dead forever, cheat marine!"

Connie edged his cheek around the concrete corner, laying the barrel of the Luger across his nose. Inside, in the kerosene-lamp flicker, Lieutenant Price was on his knees, his bald spot toward the door, scooping loose clusters of dollars and francs from the clay floor into his briefcase while the snarling ARVN major held an M 14 on him. They both looked up as the faraway 155s rumbled again, but Connie ducked out of view in time.

Again, two blasts simultaneously at some distance. Then the breath went out of Connie's chest as though a fist had hooked into it to rip his lungs out, and an enormous hardbound book slammed together around his temples. In the singing silence afterward, he found himself sitting against the concrete blockhouse, which was still there. Connie was still there, too, as it turned out, with his arms and legs apparently still working. And he could see well enough, though everything was cherry red, to do the job.

Hustling to his knees, Connie swung around into the doorway with his pistol gripped straight-armed before him, crouched and steady in his left hand. Child's play. Price's bald spot was right in front of him, since the man was doubled over on his knees holding his ears. Connie didn't even watch as he fragged the fucker with two rounds; his eyes were locked with the major's beady, shell-shocked glare. The major had set his rifle aside to cover his own ears, and watched in shell-shocked resentment as the pistol barrel retrained on him. He belched audibly as a round took him through the heart, and turned half around, then fell down with a crash as another round fetched him in the spine. Connie noticed with curiosity that he could clearly hear these incidental sounds, but not the pistol-fire, which seemed too loud to be audible, somehow.

He heard the artillery murmur again, miles away, clear enough. The murderer was dead, everything was on fire and Connie was suddenly possessed with an overwhelming yearning for deep jungle. He was halfway to the perimeter wire by the time the rush-and-yodel tore overhead, and the blast waves actually aided him in body-

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T&G OTC/CONTROLLED SUBSTANCE "LOOK-ALIKE" MFR. CONSENT AGREEMENT signed by R.S.L. Pharmacal prohibits the Maryland-based company from mail promotion of OTC drugs which contain caffeine or other ingredients but which resemble controlled substances. The consent agreement concluded a complaint action filed before an administrative judge by the U.S. Postal Service charging R.S.L. "engaged in conducting a scheme or device for obtaining money or property through the mail by means of false representations." R.S.L. signed the agreement on July 13.

§ The consent agreement stipulates that R.S.L. will cease selling or promoting "any drug product that, by virtue of its shape, size, color or markings resembles or may be easily mistaken for any other established drug product containing a controlled substance." The company is also prohibited from selling any drug product unless the active ingredient is conspicuously disclosed, and from selling any drug product "in amounts exceeding 20 dosage units" unless it is clearly disclosed that subsequent distribution of the product is illegal without proper FD&C Act labeling.

The complaint against the Maryland operation is the first of a series of actions being considered by the Postal Service against mfrs. of counterfeit "street" drugs. Reportedly, the Postal Service has identified over 60 companies nationwide engaged in the business, including 18 in the so-called capital of the trade, Louistown, Pa.


§ The action undertaken by the Post Office echoes Pennwalt's June 18 letter to FDA BuDrugs Director Crout, which suggested that OTC caffeine-containing look-alikes to controlled substances should be considered counterfeit ("The Pink Sheet" June 29, T&G-5). Pennwalt's letter proposed that "only the counterfeits, who sell in bottles of 1,000 and solicit orders by capsule color and shape rather than ingredient content, would be covered" as counterfeit under the FD&C Act. Pennwalt noted that many of the "look-alikes" resemble the company's amphetamine and phentermine products.

- 0 -

T&G LEDERLE CONSENT DECREES AGAINST R_x VITAMIN LOOK-ALIKE mfr. Par Pharmaceutical and repacker Generix Drug Corp. prohibits the two firms from marketing prenatal vitamins with the same size, color, and shape or trademark similarities to Lederle's *Materna 1+60* product. New Jersey Federal Court Judges H. Lee Sarokin and H. Curtis Mearns, acting on a trademark infringement and unfair competition complaint filed by Lederle, enjoined Par and Generix from "using any name or trademark, or doing any acts of things likely to induce the belief... that [the] prenatal vitamin and mineral products are in any way connected" with Lederle's product.

The consent decree stipulates that future marketing by Par or Generix of prenatal vitamins under their own labels is conditioned on submission to Lederle of promotional and advertising material. Lederle will have 15 days in which to "register any reasonable objection" to the marketing plans of Par or Generix.

§ The generic houses are also enjoined from describing or referring to their products as "identical or equivalent to *Materna 1+60*" except in applications "to any federal or state agency for the right to include the [me-too versions] in a generic formulary." The defendants also agreed to explain the injunction within 30 days to customers that purchased the look-alike vitamins. Generix further agreed to pay Lederle parent American Cyanamid \$7,500 within 10 days of the consent order. Lederle waived its right to further litigation.



National
Clearinghouse
for
Poison Control Centers

BULLETIN

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FOOD AND DRUG ADMINISTRATION

VOLUME 25, No. 6

Bureau of Drugs
Division of Poison Control
5600 Fishers Lane, Room 1345
Rockville, Maryland 20857
(301) 443-6260

AUGUST, 1981

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TABULATIONS OF 1979 POISON CONTROL CASE REPORTS

FDA's recent survey of poison control centers indicates that on the order of 1.5 million cases a year are being handled by the poison control center system in the United States. Approximately 150,000 or 10% of them are reported to the Division of Poison Control. These are believed to be a representative sample of all poison control cases though not necessarily of poisoning cases in general.

Poison control cases are incidents of improper exposure to a wide variety of chemical substances such as drugs, household cleaners, plants, pesticides, cosmetics, etc. Most turn out not to be poisonings. When a center is contacted, the presumption exists that the exposure poses a threat to health. However, the toxicity of the material, route, amount, time since exposure and other factors are frequently such that the exposure has little or no adverse impact on health.

It is not known how many cases of exposure and poisoning occur which do not enter the poison control center system, or whether they have the same characteristics as the cases handled by the centers. Reports submitted to FDA detail the cases only at the time of poison control center contact. Follow-up data on their final outcome is not generally included in the reports. Thus, no inferences should be drawn from the data concerning the true incidence of poisoning, signs and symptoms, hospitalization, death or other aspects of the problem which the poison control case reporting system was not designed to

FPA Action

Beware those OTC drug bottles of 1,000s: FDA

Drugstores that are offered bottles of 1,000 capsules or tablets of over-the-counter stimulants, sedatives, or analgesic combinations should be wary—especially if the products resemble prescription drugs. Federal agencies and courts are cracking down hard on a growing, and sometimes lethal, trade in seemingly innocent OTCs that are being used on the street as fraudulent imitations of scheduled, abusible drugs.

Offered by manufacturers and distributors for pennies apiece, the look-alike OTC capsules and tablets are marked up by traffickers and sold at truck stops, at schools, and on the street for as much as \$1 each. Sometimes, federal officials say, the traffickers can buy them from drugstores, which dispense them from bottles of 1,000 kept behind the counter.

Food & Drug Administration officials, concerned about reports that the "harmless" OTCs have caused overdose deaths—as users try to get the same effects the prescription drugs give—began a high-level policy review in June aimed at getting the look-alikes off the market.

The FDA has a legal problem, however. As OTCs using widely available, safe and effective nonprescription ingredients such as antihistamines, caffeine, and aspirin, the look-alikes

don't ordinarily require FDA premarket approval. The agency has been forced to rely on postmarketing litigation against suppliers, alleging that the drugs have been misbranded or that they are counterfeit.

Sometimes, though, the dealers are hard to identify. For instance, at the Birmingham, Ala., airport, FDA recently seized 300,000 OTC antihistamine/analgesic tablets that were identical in appearance to Lemmon's Quaaludes; the consignee, however, was not caught—he or she never showed up to claim the tablets.

Legitimate manufacturers of the prescription products on which the OTC look-alikes are modeled are especially worried about the problem. One firm, Pennwalt Corp., recently met with top FDA officials to urge tough agency action against firms that, it said, have been marketing OTCs that resemble its Biphedamine-20 and Ionamin-30 Rx products, among others.

According to an FDA memorandum of that meeting, the Pennwalt representatives reported on legal action the company had taken against Alto Pharmaceuticals in Florida, "whose products included those with Pennwalt markings and NDC numbers." Pennwalt told the agency that it has other lawsuits pending but that the problem has now become too big to be handled by case-by-case private lawsuits.

FDA Bureau of Drugs director J. Richard Crout, M.D., acknowledged to Pennwalt that when the company's first complaint was received last year, the agency felt it was not a high-priority problem, the memorandum says. "However, in light of the growing distribution of these products, their introduction to markets that would not normally be heavily involved in drug abuse, and because their distribution impacts on the credibility of the agency, the priority of this problem has increased," it continues.

"It was also explained to the firm that there is a need to separate the OTC look-alike issue from those of prescription generic look-alikes. . . . we will neither prohibit nor encourage the imitation by generic manufacturers of the color, size, shape, etc., of prescription drugs that have the same ingredients and are copies of the innovator's product."

In addition to the Pennwalt products and Lemmon's Quaalude, OTC counterfeiters are known to be marketing look-alike versions of Beecham's Fastin and Smith Kline & French's Dexedrine and Dexamyl. Other abusible prescription drugs are also being mimicked by OTC products, officials say.

Among the strategies FDA is considering are:

- A rule that would make it unlawful to market look-alikes that do not contain the same active ingredients and produce the same therapeutic effects as the original (this is already informal agency policy for prescription generics);
- High-pressure field inspections of all suspected manufacturers of the OTC look-alikes with a view to bringing misbranding and/or counterfeiting charges against them;
- A policy determination that OTC look-alikes are "new drugs" that, under the law, require FDA preclearance before marketing. •

Figure 1. Frequency of phenylpropranolamine cases

FREQUENCY OF PPA PRODUCT MENTIONS IN POISON CONTROL CASE REPORTS, 1975-1980

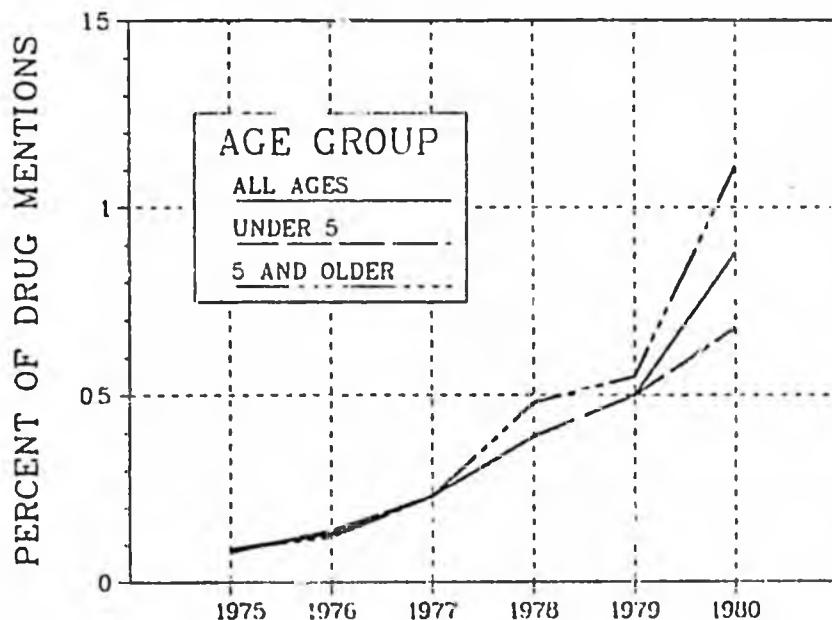
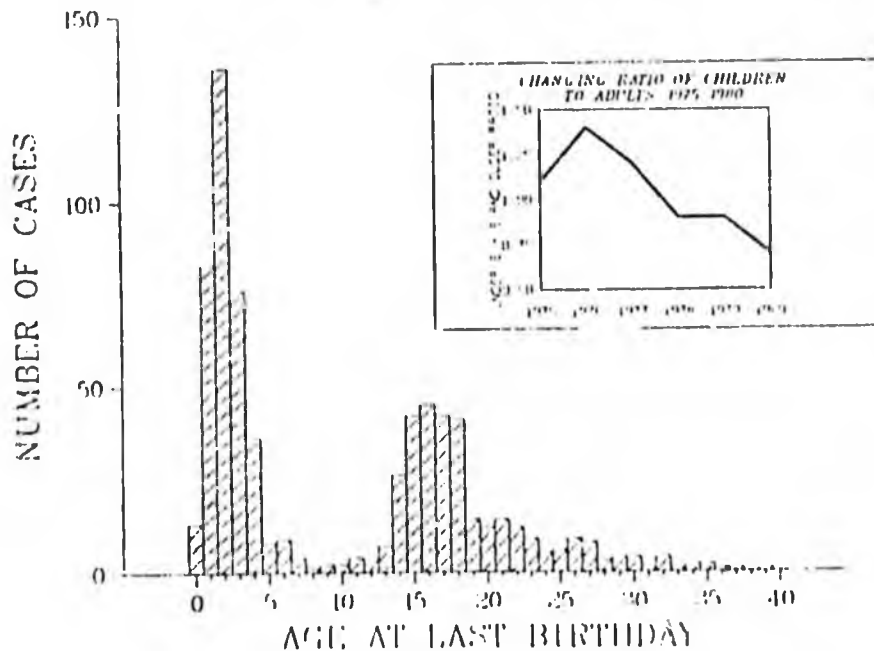


Figure 2. Age distribution of phenylpropranolamine cases

AGE DISTRIBUTION IN PPA CASES 1978-1980



(PHENYLPROPANOLAMINE cont)

The age distribution of PPA exposure victims in poison control cases for 1978-1980 is shown in figure 2. The bimodal distribution with peaks at 1-3 years old and 14-18 is similar to that found with other OTC products that are ingested adventitiously by children and also used suicidally by young adults; the latter phenomenon being related more to the availability of OTC's than efficacy. Forty-two percent were children, younger than 5, 49% were 5 and older, and 9% had no age reported. Forty-nine percent of those in the 5 and older group were 14 to 18 year olds, and 74% were female. Suicide gestures and attempts were involved in 49% of the cases in the 5 and older group, and substance abuse in 9%. Suicides in DAWN cases also accounted for 49% of the OTC diet aid mentions. The inset in figure 2 shows that the fraction of PPA cases involving children younger than 5 has been decreasing relative to adults. Ingestions in children may not be rising as fast as those in adults because many of the products employ unit dose packaging which, while it is technically not child resistant, does tend to limit children's access to drugs.

Signs and symptoms or hospital visits were reported in 13% of the 1978-1980 poison control cases for children and 58% of the cases for adults. No deaths were reported by poison control centers; however, reports of fatal cases have appeared in the literature and have been reported by Medical Examiners in the DAWN system. One death recently occurred in New Mexico in an otherwise healthy 20 year old female with a history of "amphetamine" use. High levels of PPA were found in the urine consistent with recent heavy use of an amphetamine look-alike containing PPA. Death was due to an intracerebral hemorrhage with no evidence of a preexisting vascular defect. Two other deaths in young males also occurred recently in New Mexico that were associated with amphetamine look-alikes containing ephedrine.

PPA produces a dose related increase in blood pressure. In a recent study, 12 of 37 healthy young subjects had peak supine diastolic pressures in excess of 100mm Hg 1.5-3 hrs after treatment with 85mg of PPA, some of them requiring antihypertensive treatment. The increase in blood pressure from lower doses was not as extreme. Symptoms reported by the study group included tingling feelings in the head, dizziness, palpitations, headache, tightness of the chest, tremor, nausea, lassitude and tinnitus. Overdoses and continuous use of PPA has been associated with severe hypertension, intracerebral hemorrhage, severe bifrontal headaches with nausea, postural hypotension, "psychotic reactions" and convulsions. Several cases of transient myocardial ischemia in young women associated with PPA, have been reported to the FDA Division of Drug Experience. In most cases, the toxic effects of PPA resolve themselves in 6 to 48 hours following termination of the drug. Because of the risk of intracerebral hemorrhage, however, clinicians treating PPA overdoses may want to consider treatment with an antihypertensive agent such as phentolamine.

(D.A.Brancato, E.I.Cohen, M.I.Fow)

1 Included are: Anorexin, Appedrine, Ayds Droplets, Biodrene Tablets, Dex-A-Diet, Dexatrim, Dietac (solid and drops), Diet Aid, Full Stop, Gobese, Hungrex, Obestat, Ordinex, Perma Thene 12, Prolamine, Propadrine, Slenderex, Slim-Eze, Slim One, Thinz Reducing Pills, Trim N Slim, Vita Slim, X-Drin, X-11 Tablets.

2 Processing of 1980 data is only 40% complete.

3 Drug Watch, July 1978-June 1980. National Institute on Drug Abuse, Division of Data and Information Development, Forecasting Branch. 5600 Fishers Lane, Rockville MD 20857.

Ritodrine (Yutopar® — Merrell-National)

Ritodrine is available in an injectable product containing 50 mg/5 ml and as oral tablets of 10 mg each. It is indicated in the management of pre-term labor after at least the 20th week of pregnancy. Because of the complicated nature of the drug's activity and determination of patient suitability, the use of ritodrine should be left to those clinicians experienced with it. For an acute episode, ritodrine is administered by intravenous infusion of, initially, 0.1 mg/minute. This may be increased by 0.05 mg/minute at 10 minute intervals, until adequate response is noted. Approximately 30 minutes prior to termination of IV therapy, one tablet is usually given. This is followed by one tablet every two hours for the first 24 hours, and then 1-2 tablets every 4-6 hours, depending on uterine activity and side effects. Adverse effects reflect ritodrine's betamimetic activity. The most frequently observed effect is alteration of maternal and fetal heart rates and maternal blood pressure. The package literature should be consulted for a description of the many other adverse effects reported. A more complete discussion of the rationale for use and pharmacology of ritodrine can be found in the July-August, 1980 issue of the *Bulletin*.

"LET THE BUYER BEWARE"

Over the past year we have witnessed an explosive phenomenon reflecting a new level of sophistication among the promoters of drug misuse or abuse. During this period of time the Drug Information Center has received several calls each week regarding identification of drug products which have been confiscated by police or found by concerned parents. Commonly the caller is trying to identify a black capsule that resembles Biphedamine® or a yellow capsule that looks like Ionomin®, both of which are controlled central nervous system stimulants of the amphetamine type. The product is different, however, in that the logo and/or identifying number varies slightly from the trade-named product.


In investigating this situation we have become aware of several distributing houses which are selling these "new legal stimulants" directly to the consumer on a mail order basis. All of the available products resemble controlled stimulant products (see list below), such as those mentioned above, plus Dexamyl Spansules®, Dexedrine®, etc. Having anonymously contacted one of these distributors, however, we were informed that all the preparations contain the same thing: pseudoephedrine and caffeine. (Allegedly, other distributors utilize phenylpropanolamine as well.) We were also told that, although only available in quantities of 1000, the consumer could break these down into smaller quantities (for further distribution at the local level).

The FDA was contacted to determine the legality of these operations. It was learned that, although the agency recognized the problem, these companies were operating in a perfectly legal manner. When the consumer receives his order it is accompanied by appropriate legally required non-prescription drug labeling, and therefore, meets FDA requirements. Since product logo and/or number designations vary from the copied preparation, no trade-name infringements exist.

Although these operations are operating within the law, the problem is obvious. The unsuspecting "street consumer" is purchasing what he believes to be an amphetamine for \$0.50-\$1.00 per capsule and which actually contains no more stimulant activity than a cup of coffee. We believe, therefore, that preventive education is necessary to warn the unsophisticated user that they are being ripped-off.

This information, therefore, may be provided to local media at the reader's discretion. For your convenience, a description of some of the available preparations follows.

1. Black Capsule with the No. 335
2. Black Capsule with the letters DEX
3. Small Black Capsule with the No. 18-789
4. Small Black Capsule with the No. 18-985
5. Black Capsule with the No. 127
6. Small Black Capsule with the letters AKS
7. Small Black Capsule with the letters RUS
8. Small Black Capsule with the letters RJS
9. Yellow Capsule with the letters RJB
10. Small Yellow Capsule with the No. 18-906
11. Small Yellow Capsule with the letters RUS
12. Small Yellow Capsule with the letters RJS
13. Small Pink Capsule with the No. 97209-63
14. Round Orange Tablet with the letters BT-72
15. White Mini-Tablet with two Line Cross on the Top
16. White Large Tablet with two Line Cross on the Top
17. Green and Clear Capsule with Green and White Beads and the No. 127
18. Blue and Clear Capsule with Blue and White Beads and the No. 127
19. White and Clear Capsule with Orange, Green, White, Yellow Beads and the No. 127
20. Small Brown and Clear Capsule with White and Orange Beads and the No. 127
21. Rectangle White Tablet with Green Specks in It and One Line in the Middle
22. Rectangle White Tablet with Blue Specks in It and One Line in the Middle
23. Rectangle All Blue Tablet with One Line in the Middle
24. Oval Pink Tablet (Football)
25. Yellow Cube
26. Cube with Red and White Specks



Fed's Drug Enforcement Administration

Model Bill

JAN 13 1982

Washington, D.C. 20537

DEC 13 1981

Dear Requester:

Pursuant to your recent request, attached are materials related to the Model Imitation Controlled Substances Act drafted by DEA. The Act was drafted at the request of numerous State authorities and concerned parents' groups, and is an effort to establish a standard for State legislation on look-alike drugs. Hopefully, by establishing such a standard, we can replicate the successes achieved in the enactment and judicial approval of the Model Drug Paraphernalia Act, and similarly establish case authority which supports anti look-alike legislation in the States.

As was the case with drug paraphernalia, we believe the primary concern of Federal and State authorities should be to put the manufacturers, distributors and retailers of the look-alike drugs out of business quickly by meaningful legislation and the seizure and forfeiture of their stocks of drugs if necessary.

At the Federal level, DEA is also seeking to have three major manufacturers of capsules restrict their sales to look-alike manufacturers; FDA has made significant seizures of drugs and equipment from nine look-alike manufacturers; and the Post Office Department has instituted action against more than 40 distributors of look-alike drugs to restrict their use of the mails.

However, since Federal authorities can only have minimal impact at the retail level, it is believed that State authorities can utilize the Model Act and particularly its seizure authority along with local licensing and zoning restrictions to effectively eliminate the retail sales of look-alike drugs.

Sincerely,



William M. Lenck
Chief Counsel

Enclosures

MODEL IMITATION CONTROLLED SUBSTANCES ACT

Prefatory Note

The wholesale vending of look-alike drugs has become a major, nationwide drug abuse problem. Look-alikes are tablets and capsules which are manufactured and imprinted to closely resemble or even duplicate the appearance of well-known, brand name controlled substances, but which contain only non-controlled over-the-counter drugs such as caffeine, ephedrine, phenylpropanolamine, acetaminophen, or some combination of these substances. Look-alikes are advertised as being body stimulants, alternative energy sources, or nighttime analgesics - the "safe," legal way to get high.

The number of look-alike wholesalers and distributors has grown from just a handful at the end of 1979 to more than 110 in June of 1981. The primary targets of this multi-million-dollar industry are college, high school, and even junior high school students. These youthful customers are being bombarded by advertising which extols these products as being "the most powerful stimulants available without a prescription." Most of the ads offer jars of 1,000 dosage units and suggest that purchasers can make high profits from resales. In the past several months, there has been a plethora of advertisements in the underground drug press, in music magazines, and even in the legitimate press as well as a flood of flyers and business cards on college campuses and in schoolyards across the country. Some wholesalers have expended tens of thousands of dollars on advertising, money they consider to be well-spent.

The recent proliferation of look-alikes has caused deep consternation among law enforcement authorities across the nation. Time, effort, and taxpayers' money have been expended and arrests have been made only to discover that the so-called drugs were actually noncontrolled substances. In some cities, so many cases have been dismissed that police departments are no longer buying pills or making dangerous drugs cases at all. Parents and community leaders have written to express their feelings of outrage and indignation at the way in which these substances are freely advertised and sold.

Look-alikes are touted as being completely safe and legal and consumers are advised to take several in order to get the full effect. Of course, the danger to a child who has been ingesting five or six caffeine pills and attempts the same thing with real amphetamines one day is obvious. More

insidious is the growing climate of acceptance of these substances among students as their sale and use become widespread. Of immediate concern, however, are recent reports of hospital emergencies and even overdose deaths caused solely by ingestion of look-alikes.

The DEA, for the reasons cited above, considers the manufacture, distribution and use of look-alikes to have a substantial and detrimental effect on the general welfare of American society, particularly on our youth. It is a problem which must be dealt with at all levels of Government. Efforts against the look-alike problem, however, must take into consideration the facts that the look-alike ingredients have a legitimate medical use, they are found in many of the more common over-the-counter products and when used as directed, they are generally not harmful. DEA has no jurisdiction over look-alike products under the Controlled Substances Act since only noncontrolled substances are involved. However, DEA does have a responsibility to combat drug abuse and considers the look-alike problem one facet of drug abuse. The distribution and sale of look-alikes, much as drug paraphernalia, encourages and contributes to the profiteering from drug abuse. Thus DEA has undertaken an initiative, similar to that used in the paraphernalia problem, against look-alikes. At the heart of this initiative is the Model Imitation Controlled Substances Act which is targeted to eliminate these undesirable enterprises through the application of regulations and civil and criminal penalties. A number of states have already enacted look-alike legislation. DEA applauds this action and encourages other states to do the same. The DEA Model Act will serve as a guide for states that wish to take legislative action against look-alike manufacturers and distributors.

MODEL IMITATION CONTROLLED SUBSTANCES ACT

Drafted by the
Drug Enforcement Administration
of the
United States Department of Justice

October, 1981

With
Prefatory Note and Comment

Section 1. Definitions

- a. The term "controlled substance" means a substance as defined in (insert appropriate citation for definition of "controlled substance" in State Controlled Substances Act).
- b. The term "distribute" means the actual, constructive, or attempted transfer, delivery, or dispensing to another of an imitation controlled substance.
- c. The term "manufacture" means the production, preparation, compounding, processing, encapsulating, packaging, or repackaging, labeling or relabeling, of an imitation controlled substance.
- d. The term "imitation controlled substance" means a substance that is not a controlled substance, which by dosage unit appearance (including color, shape, size and markings), or by representations made, would lead a reasonable person to believe that the substance is a controlled substance.
In those rare cases when the appearance of the dosage unit is not reasonably sufficient to establish that the substance is an "imitation controlled substance" (for example in the case of powder or liquid), the court or authority concerned should consider, in addition to all other logically relevant factors, the following factors as related to "representations made" in determining whether the substance is an "imitation controlled substance":

- (1) Statements made by an owner or by anyone else in control of the substance concerning the nature of the substance, or its use or effect.
- (2) Statements made to the recipient that the substance may be resold for inordinate profit.
- (3) Whether the substance is packaged in a manner normally used for illicit controlled substances.
- (4) Evasive tactics or actions utilized by the owner or person in control of the substance to avoid detection by law enforcement authorities.
- (5) Prior convictions, if any, of an owner, or anyone in control of the object, under state or Federal law related to controlled substances or fraud.
- (6) The proximity of the substances to controlled substances.

Section 2. Offenses

a. Manufacture or distribution - It is unlawful for any person to manufacture, distribute, or possess with intent to distribute, an imitation controlled substance. Any person who violates this section shall be guilty of a crime and upon conviction may be imprisoned for not more than _____, fined not more than _____, or both.

- b. Distribution to a minor - Any person 18 years of age or over who violates Section 2a by distributing an imitation controlled substance to a person under 18 years of age is guilty of an aggravated crime and upon conviction may be imprisoned for not more than _____, fined not more than _____, or both.
- c. Possession - It is unlawful for any person to use, or to possess with intent to use, an imitation controlled substance. Any person who violates this section is guilty of a crime and upon conviction may be imprisoned for not more than _____, fined not more than _____, or both.
- d. Advertisement - It is unlawful for any person to place any newspaper, magazine, handbill or other publication, or to post or distribute in any public place, any advertisement or solicitation with reasonable knowledge that the purpose of the advertisement or solicitation is to promote the distribution of imitation controlled substances. Any person who violates this section is guilty of a crime and upon conviction may be imprisoned for not more than _____, fined not more than _____, or both.

- e. Immunity - No civil or criminal liability shall be imposed by virtue of this Act on any person registered under the Controlled Substances Act who manufactures, distributes, or possesses an imitation controlled substance for use as a placebo by a registered practitioner in the course of professional practice or research.

Section 3. Forfeiture

(Insert designation of state civil forfeiture section) is amended to provide for the civil forfeiture of imitation controlled substances by adding the following after paragraph (insert designation of last category of forfeitable property):

"() all imitation controlled substances as defined by (list appropriate citation for this Act in the state's statutes).

Section 4. Severability

If any provision of this Act or the application of the Act to any person or circumstance is held invalid, the invalidity does not affect the other provisions or applications of the Act which can be given effect without the invalid provision or application and to this end the provisions of this Act are severable.

COMMENT

The Model Imitation Controlled Substances Act incorporates by reference certain definitions in the applicable State Controlled Substances Act, but does not attempt to incorporate or amend the definition of "counterfeit substance" in the State Controlled Substances Act. DEA believes it would unnecessarily confuse the issues to attempt to amend the definition of "counterfeit substance" in the State Controlled Substances Act. Therefore, the Model Act uses a new term of "imitation controlled substance" as the key to the Model Act.

DEA believes that many of the existing and draft State Acts which have sought to reach the look-alike problem have placed too much emphasis on the representations made by the seller of the substances. Hence, the DEA Model Act seeks to place emphasis on the "look-alike" nature of most of the substances involved to sustain the burden of proving a violation. The portion of the DEA Model Act which deals with "representations made" by the seller is not really intended to reach look-alikes in tablet or capsule form, but rather, is intended to reach those cases where powder or liquid is represented to be controlled substances. Most cases related to powder will involve alleged cocaine or heroin and most cases related to liquid will involve alleged PCP or other hallucinogenic drugs.

The sections of the Model Act which deal with penalties, advertisement, forfeiture, and severability are framed from the pattern used in the Model Drug Paraphernalia Act, drafted by DEA in August 1979. As of October 1981, the Model Paraphernalia Act has been enacted by 23 states and many localities, and has been upheld at the state level by every Federal District Court and Appeals Court that has considered it. As in the Model Paraphernalia Act, the Model Imitation Controlled Substances Act leaves to each state the specific penalty to be inserted as a sanction for each of the criminal offenses proscribed by the Act.

AMPHETAMINE LOOK-ALIKES

The following is a listing of the physical description of drug products being promoted as "legal highs" which resemble amphetamine and other Rx stimulant drugs. All have been found to contain phenylpropanolamine, ephedrine and caffeine, alone or in combination.

Black capsules

Imprints

127	8658
335	8858
18-789	18-585
DEX	18-985
RJS	

Yellow capsules

Imprints

RJB	RVJ
-----	-----

Miscellaneous Capsules

<u>Color</u>	<u>Imprint</u>	<u>Contents</u>
Blue/clear	127	Blue and white beads
White/clear	127	Green/orange/white beads
Black/clear	127	Orange/white beads
Green/clear	127	Green/white beads
Orange/clear	None	Red/white beads
Yellow/clear	None	Red/white beads
Pink/white	None	
Black/clear	17-875	Yellow/orange beads
Green/clear	None	Gray/white beads
Red/yellow tint/clear	None	Orange/green beads
Brown/yellow	None	

Tablets

<u>Color</u>	<u>Imprint</u>	<u>Other</u>
White	None	Double-scored
Peach	BT 72-200	
Green	165	Triangle-shaped
Pink	None	Heart-shaped single-scored

Source:
"Poison Information"
Vol. 5(3) April-May 1981
Nancy Newburn
University of California
School of Pharmacy

"Look-Alike Preparations Encountered by Wisconsin Department of Justice,
Crime Laboratory Bureau"

(Note: First entries in each category correspond to legitimate products being copied)

Description	Markings	Contents	Sch.
Black capsule	"18-875"	Amphetamine	II
	"F-9031" 975	Caffeine	NO
	"Rx 102" K-200	Caffeine	NO
	"0147" 888	Phentermine	IV
	"817"	Ephedrine, Phenylpropanolamine, Caffeine	NO
	"335" 18-658	Ephedrine, Caffeine, Acetaminophen	NO
	"127"	Pseudoephedrine, Caffeine	NO
	"AHS"	Mephentermine, Caffeine	NO
	"RJS" 18-850	Ephedrine, Phenylpropanolamine, Caffeine	NO
	"DEX"	Pseudoephedrine, Caffeine	NO
	Unmarked 18-789	Ephedrine, Caffeine	NO
Unmarked 355	Caffeine	NO	
Unmarked 18-858	Phenylpropanolamine, Caffeine	NO	
18-876	Caffeine	NO	
Green and clear capsule with green and white granules	"SKF D92"	Amphetamine/Amobarbital	II
	"127" 092	Pseudoephedrine, Caffeine	NO
	"815"	Ephedrine, Phenylpropanolamine, Caffeine	NO
	"975"	Caffeine	NO
	Unmarked 697	Caffeine	NO
	Unmarked 518	Ephedrine, Caffeine	NO
172	Phendimetrazine	III	
Brown and clear capsule with orange and white granules	"SKF E14"	Amphetamine	II
	"RX101"	Caffeine	NO
	"BTP L19"	Ephedrine	NO
	"127"	Pseudoephedrine, Caffeine	NO
	"AHS"	Caffeine	NO
	Unmarked	Caffeine	NO
	Unmarked	Ephedrine, Caffeine	NO
0147	Phentermine	IV	

Description	Markings	Contents	Sch.
Blue and clear capsule with blue and white granules	"BMP" 147"	Phentermine	IV
	"SKF H76"	Phenobarbital	IV
	"BTP L17"	Ephedrine, Caffeine	NO
	"127"	Pseudoephedrine, Caffeine	NO
	697	Phentermine	IV
	"813"	Ephedrine, Phenylpropanolamine, Caffeine	NO
	"975"	Pseudoephedrine, Caffeine	NO
White and clear capsule with green, orange & white granules	Unmarked	Ephedrine, Phenylpropanolamine, Caffeine	NO
	"SKF J66"	Amphetamine, Prochlorperazine	II
	"127"	Pseudoephedrine, Caffeine	NO
Yellow capsule	975	Caffeine, Ephedrine	NO
	"18-904"	Phentermine	IV
	"0147"	Phentermine	IV
	"172"	Phentermine	IV
	" R " HS 364	Phentermine	IV
	"860"	Phentermine	IV
	"13-807" 16-907	Caffeine	NO
	RVJ	Caffeine, Ephedrine	NO
	"819"	Ephedrine, Phenylpropanolamine, Caffeine	NO
	"RJ8"	Pseudoephedrine, Caffeine	NO
Clear Capsule w/white powder	18-906	Caffeine, PPA, Ephedrine	NO
	Unmarked	"Haysma"	NO
White oblong tablet, half-scored, with green speckles	Unmarked	Ephedrine	NO
	"71" or "Lemmon"	Phendimetrazine	III
	Unmarked	Caffeine	NO
	Unmarked	Ephedrine, Phenylpropanolamine, Caffeine	NO
	Unmarked	Ephedrine, Caffeine	NO

Description	Markings	Contents	Sch.
Salmon tablet	"BI 62"	Phenmetrazine	II
	"BT 72"	Pseudoephedrine, Caffeine	NO
	Unmarked	Phenylpropanolamine, Caffeine	NO
Green triangular half-scored tablet	"SKF D93"	Amphetamine, Amobarbital	II
	"165"	Caffeine	NO
Orange trian- gular, half- scored tablet	"SKF A92"	Amphetamine	II
	Unmarked	Caffeine	NO
	Unmarked	Ephedrine, Caffeine	NO
White, medium round, half- scored tablet	"W/C 230"	"Tedral"	NO
	Unmarked	Ephedrine, Theophylline, Phenobarbital	NO



The real thing, left, compared with imitations that have an equally deadly potential

"Look-Alikes": a New Drug Danger

Fake amphetamines are not only lethal but legal—for now

The 17-year-old girl in Belvidere, Ill., seemed to be just one more victim of an overdose of illegally obtained amphetamines. Police, finding the type of pills that allegedly killed her, thought they looked just like "black beauties," one of several forms in which amphetamines are sold. Analysis showed, however, that they were not amphetamines at all but a combination of substances commonly found in the cold remedies, diet and keep-awake pills sold over the counter in drugstores. The dead girl was a victim of the nation's latest drug danger: the "look-alike" pill.

Though they are made to mimic the appearance of the more expensive amphetamines, look-alike drugs contain no federally controlled substances (*i.e.*, with a high potential of dangerous abuse). Their primary ingredients are caffeine, a stimulant; ephedrine, a vascular constrictor; and phenylpropanolamine (PPA), a chemical cousin of amphetamines. The danger lies not in the kinds of chemicals they contain but in the amount. Whereas the average diet-aid capsule may contain about 50 mg of PPA and between 100 mg and 200 mg of caffeine, a look-alike capsule can carry 50 mg of PPA and 200 mg to 500 mg of caffeine, which in heavy doses can cause heart or respiratory failure. Says Dr. John Spikes, an Illinois toxicologist: "People hear caffeine, and they think of a cup of coffee. You get between 50 mg and 100 mg in a cup of coffee. The people we're seeing using these drugs are taking ten to 20 pills at once." In other words, they can ingest the caffeine of dozens of cups of coffee in one gulp. In the past two years, look-alikes have been implicated in the deaths of at least 14 people in New York, Maryland, Michigan, New Mexico, California and Illinois.

For the small manufacturers and dealers who purvey look-alikes, the product

yields a lot of money with little legal risk. Says Lieut. Robert Long of the Massachusetts state police narcotics unit: "A dealer can buy about 1,000 look-alike pills for \$45 per jar, or approximately 4¢ each. Then he goes out to some eighth-grader and sells those same pills for \$2 apiece. Right off the bat he's making a profit of more than \$2,000."

Ads for mail-order look-alikes ("safe, effective and legal") have appeared in publications like *Cosmopolitan* and Chicago's *Reader* and in leaflets passed out at rock concerts and in schoolyards. Ironically, the only instance in which it is not legal to make or sell them is when a manufacturer or dealer claims they are real amphetamines. In that case he can be prosecuted for fraud. But sellers carefully label look-alikes as "stimulants" and often include warnings about maximum dosage. Says Lieut. Long: "Most of these guys are not going to make the mistake of claiming to have something they don't. They just let the kids think they have it."

Because the drugs are not mislabeled by the manufacturer the Food and Drug Administration, which is responsible for the safety and efficacy of drugs, can do nothing under present laws. Neither can the Drug Enforcement Administration, which applies laws only against illegal use of controlled substances. But the U.S. Postal Service has filed complaints against 39 mail-order companies, charging them with misrepresenting the safety of their products. Delaware was the first of several states to pass special statutes against look-alikes, known as "turkey" laws, so named because "turkey" is the street term for phony drugs. Probably no serious headway will be made, however, until the Federal Government finds a way to block the look-alike loophole with a uniform national law. ■

Testes Test

A self-exam for cancer

Each month millions of women check their breasts for suspicious lumps in an effort to detect cancer early. Now doctors are urging men to perform a monthly self-examination of their own, this one aimed at cancer of the testicle.

The disease, though rare, is occurring with greater frequency. In the past 40 years, the incidence of reported cases has almost doubled in the U.S. Today it affects about four of every 100,000 men annually; an estimated 4,000 new cases are diagnosed each year. Once found primarily in older men, it now is the most common form of cancer in men between the ages of 20 and 34, causing 9% of all male cancer deaths in that age group.

No one knows why testicular cancer is increasing—or indeed why it strikes. It appears most frequently among white middle- and upper-class men. Two groups run 40 times the normal risk of developing the disease: men with a testicle that failed to descend from the abdominal cavity into the scrotum, a lapse that normally occurs during development of the fetus; and men with a testicle that descended only after they were six years old. Preliminary studies suggest that undescended testicles may be more frequent in boys born to women who received the hormone diethylstilbestrol, or DES, during pregnancy. The hormone was widely prescribed in the 1940s and 1950s to help prevent miscarriage.

Researchers at the University of California at San Francisco are beginning a three-year study of 250 patients with the disease to explore the connection with DES as well as other possible influences, including race, social class, on-the-job exposure to chemicals, even the type of underwear favored. One theory holds that men who wear tight shorts run a greater risk of developing the disease.

Although testicular cancer used to be regularly fatal, it is now often curable. Treatment may involve surgery, radiation and/or a combination of drugs, most notably cisplatin, which was first used experimentally only a decade ago. Even in severe cases, more than half the patients are cured. When the disease is detected early, the cure rate is nearly 100%.

Regular self-examination, say physicians, is the best way to find the disease early. The exam should be performed after a warm bath or shower, when the scrotal skin is most relaxed. The telltale sign is a lump the size of a pea. Doctors caution that a lump does not necessarily mean cancer, but it should be reported promptly to a physician and checked. ■

DATE: THURSDAY; DECEMBER 10, 1981

Flood of 'look-alike' drugs appears to have receded in Maryland

By Ann Cooper

A flood of "look-alike" drugs that health and law enforcement officials said washed into Maryland early this year appears to have receded, thanks in part to a number of legal actions in the state and elsewhere.

Look-alikes are capsules or tablets, containing caffeine and other nonprescription drugs, that are made to resemble addictive, commonly abused prescription drugs such as amphetamines. Health and law enforcement officials, alarmed when the drugs became popular on school campuses and in street drug traffic about a year ago, said look-alikes hampered drug law enforcement, encouraged drug-taking generally and posed some potential health hazards. The federal Food and Drug Administration blames look-alikes for at least 12 deaths nationwide, including two in Maryland.

A new state law that took effect in June apparently prompted most of the dozen or so companies selling look-

Of continuing interest

alikes in Maryland to close their doors, according to state health officials. In addition, actions by federal officials have shut down some look-alike manufacturers and distributors in other states.

One Maryland company, Phun Pharmaceuticals of Gullthersburg, is the subject of a U.S. Postal Service complaint charging the firm with making false representations that its products are safe and legal. That complaint is pending before a Postal Service administrative law judge. Another company is under investigation by a grand jury in Baltimore city, which is weighing whether the company's operations violated the new state law.

The spate of legal actions does not mean there are no more look-alikes in Maryland, but some law enforcement and health officials said traffic in look-alikes appears to have slowed down.

"I'm sure they are still available," said Bob Kramer, coordinator of Anne Arundel county's drug and alcohol program, noting that look-alikes can still be sold by mail order from companies in other states.

Since the state law took effect, Baltimore city police have charged three individuals with selling look-alike drugs on the street, according to Lt. Joseph Newhan of the city police narcotic unit. But officers who work on street drug cases are not running across look-alike nearly as frequently as they did a few months ago, said Lieutenant Newman. "We really haven't been a whole lot of them in the last couple of months. Maybe the tide has kind of died down," he said.

The contents of look-alikes are seemingly innocuous drugs, usually a combination of caffeine, ephedrine and phenylpropanolamine. These drugs are common ingredients in diet pills and cold remedies sold without prescription.

But it is the exterior of the look-alikes that has made them controversial. Their color, size, shape and markings imitate those of "uppers" and "downers" such as prescription amphetamines and barbiturates popular in illegal drug traffic. Look-alikes often are sold under the street names for illegal drugs, such as "black beetles" and "yellow jackets."

Health officials say that students and other unsophisticated customers pay several dollars apiece for look-alikes, believing they are illegal uppers and downers. To get the same effect as the more potent prescription

drugs, they may gobble look-alikes by the handful, causing an overdose. Or, accustomed to taking larger quantities of look-alikes, they may take too many of the prescription drugs they imitate.

According to FDA, most deaths involving look-alikes appear to have been caused by caffeine overdoses in people who took them in large quantities. But two young men in New Mexico died of strokes after taking only a couple of look-alikes, said an FDA spokesman. In those cases, phenylpropanolamine—which some medical experts say can cause extreme high blood pressure in certain people—is suspected of causing the strokes.

News of those deaths and other potential problems created pressure on state and federal officials to act against look-alikes this year. Maryland was among the first states to pass a law, making it illegal to sell a non-prescription drug if "one reasonably should know that the noncontrolled substance will be used or distributed for use as a controlled dangerous substance."

Prior to passage of the Maryland law, there were 12 or 13 companies selling look-alikes in the state, according to Charles Tregoe, chief of the state health department's division of drug control.

Drugs sold by one of those companies, J&P Distributors, Inc., on Eastern Avenue in Baltimore, were seized by a city police raid after the new law took effect this summer. A grand jury investigation of the firm is still pending, but J&P is no longer operating in the state, according to John Prevás, chief of criminal investigations for the city state's attorney's office.

Other distributors closed down their Maryland operations about the time the state law took effect, according to Mr. Tregoe. He said the only distributor he is aware of

in the state right now is Phun Pharmaceuticals. Mr. Tregoe declined to comment on Phun's continued operation in the state.

In June, the Postal Service filed a complaint against Phun, asking an administrative law judge to stop the

firm's mail because of alleged misrepresentations in its advertising. The Postal Service complaint alleges that Phun has falsely advertised its products as safe, according to Sandra McFeeley, a Postal Service lawyer. The complaint also alleges that Phun's drugs are counterfeits, which are illegal under federal drug laws, she said.

Phun's case is pending before an administrative law judge in Washington. An attorney for the firm said he could not comment on the case without clearance from Phun officials.

Ms. McFeeley said the Postal Service has filed a total of 39 complaints against companies selling look-alike drugs, including one in Bel Air—RSL Pharmacal, Inc.—that went out of business when Maryland's law took effect. About 30 of the 39 companies have either signed agreements promising to stop filling mail orders for look-alikes or have been ordered to stop by Postal Service judges, said Ms. McFeeley. The other complaints are still pending.

Despite the Postal Service's actions, there are still numerous distributors selling look-alikes in many states, according to a federal Drug Enforcement Administration official. He said he has compiled a list of more than 150 such companies since look-alikes first began to appear about two years ago.

FDA also has acted against look-alikes, concentrating its efforts on companies that manufacture them and sell them wholesale to the distributors. On September 30, FDA seized 15 million look-alike capsules and tablets and an additional 20 million empty capsules—marked to resemble controlled substances—according to agency spokesman Christopher Smith. In two cases, FDA's seizures have been upheld in court and the companies have been ordered to stop making look-alikes. Cases against the other manufacturers are still pending, said Mr. Smith.

Mr. Smith said FDA was under considerable pressure from Congress and the public to act against look-alikes. The agency felt attacking them from a health standpoint would be legally complicated, so it made its seizures on the basis that look-alike drugs are counterfeits. Under federal law, it is illegal to make counterfeit drugs—ones that copy the trademarks or other markings clearly identified with another drug product in an attempt to falsely represent the counterfeit as the imitated product. Mr. Smith said some of the drugs seized by the agency in September "were exact duplicates and others were very, very close."

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Money is the opiate in look-alike drugs

JUN 15 1981

MIL JOUR

By Neil D. Rosenberg
Journal Medical Reporter

Janesville, Wis. — A military unit used this macabre slogan during the Vietnam War: "War is our only business. Business is very good."

A paraphrase of that for Larry Ormson, president of Midwestern Pharmaceuticals, could be: "Drugs are our only business. Business is very good."

If one could look at Ormson's recent business ventures and financial achievements with dispassion and objectivity, he would be considered the archetypical capitalist entrepreneur.

The problem is that the drugs Midwestern sells are the so-called look-alike drugs — also called street speed, bootleg speed or counterfeit amphetamines.

They are a center of concern among Wisconsin officials, who are powerless to control them.

The drugs can be hazardous, according to reference books. But since

Other Drug Abuse recently voted to study the extent of the use of the drugs here and their physical effects and to begin an educational campaign against them.

But in a candid interview, Ormson, 27, unabashedly admitted he was in the business for money, did not think the drugs were dangerous and thought any law to ban them would only force them underground and greatly increase their price.

"I don't have any problem sleeping at night, if that is what you mean," he said when asked whether he regarded the substances as dangerous.

Yet he acknowledges they may be abused and are being used as stimulants and for recreational use by some purchasers.

A judgment call, he says

A professed non-drinker, non-smoker, non-drug-user, his bottom-line defense is this:

"I don't believe in taverns, but I believe somebody has the right to support their family operating one. Each person has to decide for themselves what is right and what to do."

It is the same libertarian line that has dogged so many debates about legalization vs. control for prostitution, gambling, marijuana, abortion and on and on.

Midwestern Pharmaceuticals is a four-person firm operating out of a Janesville warehouse. It buys the drugs in pill and capsule form from three manufacturers, Ormson says, then resells them by mail. They are advertised through dozens of magazines and newspapers and sell for up

*"I don't have any
problem sleeping at
night, if that is what
you mean."*

— Larry Ormson

they contain only substances that may be sold over the counter without prescriptions, their sale cannot be controlled by present state law.

The State Council on Alcohol and

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'Look-Alike' Drugs Sold In State, But It's Legal

SHBGN. PR.

The drugs are called "look-alikes" and they're just as dangerous, but they are legal, according to State Rep. Gervase Hephner, L. Chilton.

"These drugs are harmful and they should not be legal," Hephner argued.

Concerned about the availability of substances that contain large amounts of caffeine, phenylpropanolamine and ephedrine sulfate, the lawmaker called on the State Council on Alcohol and Other Drug Abuse and the Attorney General to take definite, quick action.

"What's more," Hephner pointed out, "they are pushing these drugs through the mail now."

Citing a letter a constituent received in the mail from a Florida drug firm, Hephner stated, "These suppliers have to be stopped." The constituent, a tavern owner, received a letter advertising drugs and asking if he would like to become a distributor.

The letter pointed out that the tavern owner could buy a bottle of Ephedrine Speed for \$100 and sell it at a street value of \$1,000 per bottle. In describing its products, the company listed one drug as "the strongest" saying "it will raise the hair on your arms."

In addition, the company also said, "If you should need a certain stimulant that we don't carry in inventory, we will do our best to get it."

This is not the only instance of such selling tactics. Cars parked around the University of Wisconsin in Madison were leafleted with advertisements about street speed about the time students were taking finals, the lawmaker said. This was done by one of the three Wisconsin drug companies that use practices similar to the Florida firm to sell their dangerous products.

"The biggest problem is that these drugs are finding their way into our high schools and maybe even grade schools," Hephner said.

They appear to have very strong side effects, he stated. For example, in New Mexico and Illinois, special medical investigators have discovered approximately eight deaths related to these harmful substances.

"These were young people that died from strokes," Hephner said.

Since these are not controlled substances, many agencies feel powerless to act, he pointed out.

"This is nonsense," Hephner said. "If there is a fine line opening the way for these corrupt suppliers, let's sew it up. There is just too much at stake."

JUN 19 1981

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Fake 'Speed' Causes Almost as Much Fear As the Real Thing

Look-Alikes, Mainly Caffeine,
Used by Many Youngsters;
Some Deaths Are Reported

By STEVE P. MASSEY

Staff Reporter of THE WALL STREET JOURNAL
CLEVELAND—

"Pink footballs," "black beauties" and "yellow jackets" were confiscated here during the recent arrest of a street dealer who sells drugs to kids. But the dealer had to be released.

It turned out that the capsules were misnamed. They weren't what many of the dealer's customers thought they were: forms of "speed," the drug-world term for potent amphetamines that make a user's heart race and his nervous system tingle. Doctors prescribe amphetamines mainly for losing weight. Without a prescription, it is illegal to sell them.

But the capsules that the dealer was nabbed with are perfectly legal to sell in most places. Though disguised as pink footballs and the like, they are no stronger than three cups of coffee. In fact, caffeine is the main ingredient in most of them. Yet they, too, can be dangerous.

These stimulants are called "look-alikes" by narcotics agents. Once found almost exclusively in truck drivers' pockets, they have been cropping up all around the country. College and high-school students are getting them for pick-me-ups. So are junior-high pupils and even younger children. The trend worries many adults.

Reports of Overdoses

The fake speed is causing almost as much alarm as genuine speed. Laurence S. Golden, a staff assistant with the intelligence office of the federal Drug Enforcement Administration, says his office receives daily reports of overdoses—and occasionally of deaths.

The dangers of look-alikes, however, are certainly less than the dangers of speed. "The real problem is that the young people are getting in on the drug scene and taking these things," says James Tudor of the Ohio State Board of Pharmacy. "It's a very natural step up into the real thing."

On the other hand, the buyer of a look-alike may already be a speed user who thinks he is getting speed again this time. "So he almost certainly won't get the buzz he expected to get, so he may take more and more of the look-alike. That could lead to an overdose. Or it could lead him to think that he needs more speed than he used to. Then the next time he gets real speed, he may overdose on that.

A look-alike pill typically is two-thirds caffeine. The remaining one-third usually is composed of two anti-allergic agents: ephedrine sulfate and phenylpropanolamine. These constrict blood vessels, and if taken in excessive quantities can collapse them.

More Work for Police

When a drug is sold as speed, the authorities have to assume that it is speed. "Once this stuff gets on the street, it's dope," says Mr. Golden. "It's dealt with the same way." So the upsurge in look-alike traffic means more work for the police. It also means more work for drug companies fighting misuse of their products. It is bad enough when your product finds its way into the street-drug trade. It is even more infuriating when it's something disguised as your product.

Despite efforts by local, state and federal officials, the look-alikes keep coming. One federal official estimates that as many as 100 million may be sold this year. That compares with 70 million of the actual amphetamines. The number of wholesalers pushing the bogus speed, Mr. Golden says, has jumped from a dozen a few years ago to about 120 now.

"It is like dealing with a greased pig," says Richard J. McMahon of the attorney general's office in Delaware. In June 1980, that state became the first to pass an anti-trad law aimed at halting the flow of look-alikes. So far, only two cases have reached the courts; the state won one of them, "and even then the penalty was probation," Mr. McMahon says. More recently, nine other states have passed such laws: Arkansas, Colorado, Connecticut, Indiana, Kansas, Louisiana, Maryland, Oklahoma and South Dakota.

It may seem strange to charge someone with fraud for selling something legal instead of illegally selling something that is more dangerous anyway. But the federal drug authorities seem powerless to halt the look-alike traffic, so the states, with federal encouragement, are doing whatever they can.

There is no federal law protecting people who think they are buying speed but get look-alikes instead, and the ingredients in the look-alikes aren't controlled substances.

Please Turn to Page 14, Column 2

Continued From First Page

under federal regulations. So federal officials are forced to pass the buck.

Not the postal service, though. Ned Fricke of the U.S. Postal Inspector's Office says the agency has filed 29 complaints with an administrative-law judge, all charging distributors of the capsules with falsely representing them as safe. (Distributors may be developing a damned-if-i-do, damned-if-i-don't complex. If they say they are selling speed, the anti-brand laws may get them. If they truthfully say they are selling the caffeine pills, and state or imply that they are safe, the post office may get them.)

Mostly, however, federal authorities simply urge states to enact stiffer anti-brand penalties, and they give vocal support to state and local enforcement efforts.

Death in Michigan

Ohio is considering legislation requiring packages of look-alikes to disclose that the contents aren't speed. Michigan, operating under an existing deceptive-trade law, has shut down one look-alike wholesaler and banned three others from selling the pills in the state. According to the Michigan attorney general's office, two young women in Flint, Mich., died last year from overdoses of 50 or more look-alikes each. The deaths may have been suicides.

Douglas Vivian, a pharmacist for the poison-control center and drug-information service at Hurley Medical Center in Flint, says a dose of 10 grams can be fatal. The average look-alike, experts say, contains 200 milligrams, so a 10-gram dose would be 50 pills.

But Jerry O'Donnell, the director of the police-department laboratory in Albuquerque, N.M., says there is "no way to tell" what constitutes an overdose because "it varies from person to person." Mr. O'Donnell says that three young men aged 15 to 20 died in Albuquerque during the last year after taking look-alikes. While the victims had been doing some drinking, Mr. O'Donnell says, all had been "in excellent physical condition; they all died of brain hemorrhaging, which is symptomatic of ephedrine (sulfate) and PPA (phenylpropanolamine)."

Firms Take Steps

Some established drug companies are trying to dissociate themselves from look-alikes. SmithKline Corp. in Philadelphia discontinued its green-and-clear diet-capsule line, Dexamyl, after it discovered that capsules disguised as Dexamyl were being sold as speed. Pennwalt Corp.'s Philadelphia division has successfully barred four companies from pushing imitations of its popular Biphettamine 29—the real "black beauties."

The founder of the look-alike industry, William Saye, 38, of Fairburn, Ga., applauds the prohibitive measures. "Today, it is being abused," he says. "Kids don't know how to handle business. There are too many bathtub operations in existence now and not enough quality controls."

Mr. Saye started selling caffeine pills wholesale out of his truck cab in Georgia in 1975. The next year, as business expanded, he set up Saye Drug Co. there. In 1977, he moved the company to a Tampa warehouse and changed its name to OTW Distributors Inc. By the end of that year, he had almost 50 employes selling the pills at truck stops in almost every state. The salesmen were called "peashooters," and drivers would contact them over citizens' band radio. Mr. Saye says that his salesmen, when asked, were supposed to tell a customer that the pills weren't speed—or risk being fired. By 1980, Mr. Saye had retired from the drug trade. Mr. Saye's business was bringing in about \$8 million annually in sales. The pills were obtained from a Long Island manufacturer. Evidently it was all perfectly legal.

Despite "hassles with the police and the press," Mr. Saye says, "I'm proud of what I've done. I ran the business right. Now I just want to lead a normal life, raise some beef cattle, and enjoy my two girls and two boys."

Small Operations

Today, most wholesale distributors are small operations, often a husband-and-wife team working out of their home. "About all they have to do is file a one-page registration form," says an official of the Food and Drug Administration. Sales are handled mainly by mail or phone except for a few storefront concerns in Albuquerque and Los Angeles with such names as the Source and the Pick-Me-Ups.

The distributors don't advertise much, though some ads run occasionally in local and college newspapers and a few national magazines. Instead, they leave calling cards in such places as truck-stop restrooms and college dormitories—a practice started by Mr. Saye.

Those who sell the pills rarely make them. Supplies come from larger wholesalers such as Clifton Pharmacal Inc. in Millroy, Pa., which has its own pharmaceutical factory, or from one of an estimated 10 to 12 big manufacturers in Pennsylvania and on Long Island. They are sold in high volumes, in lots of 100 or 1,000, at prices ranging from about two cents to 10 cents a pill. On the street, says Mr. Tudor of the Ohio pharmacy board, they fetch anywhere from 50 cents to \$3 a pill.

Most distributors won't divulge earnings, but estimates are that average sales for a medium-sized company can range between \$500,000 and \$1 million a year. Jerry Hecht, the founder of the Pick-Me-Ups in Albuquerque, says that his six stores average \$1,000 a week each in profits.

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Caffeine Toxicity Secondary to Street Drug Ingestion

To the Editor:

We have recently observed two serious toxicities secondary to ingestion of a caffeine-containing street drug preparation unfamiliar to most emergency physicians in the Louisville, Kentucky area. Due to the potentially grave consequences of this intoxication, we would like to alert other emergency physicians who may encounter this preparation in cases of unknown substance ingestion.

Case Number One. A 22-year-old man presented to the University Hospital ED approximately one hour after ingesting 15 to 20 "RJ-8" capsules to get "high." He stated that one-half hour after ingestion of the product he experienced abdominal cramping immediately followed by vomiting. On presentation, the pulse was 150; respiratory rate, 20/min; and BP, 90/60 mm Hg. The patient was noted to be extremely anxious and complained repeatedly of abdominal pain. Activated charcoal slurry and intravenous fluids were administered. The patient continued to retch for the ensuing 12 hours, but did not convulse. Toxicology screening of serum obtained on presentation was performed by coupled gas chromatography-mass spectroscopy (GC-MS). A large amount of caffeine was detected in the serum. Quantification, carried out by high pressure liquid chromatography (HPLC), revealed 74.6 $\mu\text{g}/\text{ml}$ caffeine in the serum. No other drug substances were detected. Subsequent caffeine serum levels obtained over the next 24 hours demonstrated a caffeine elimination rate constant (k_e) of 0.136 hours^{-1} , yielding a caffeine half-life ($T^{1/2}$) of 5.1 hours. The patient was discharged in good condition 36 hours after admission.

Case Number Two. Forty-eight hours after the admission of Case Number One, a 21-year-old man presented complaining of abdominal pain and vomiting. He revealed that two hours prior to admission, he had ingested "40 hits of speed" which were in "yellow" capsules. Fifteen minutes after taking the capsules, he began to experience abdominal pain followed by vomiting. He observed a number of the capsules in the initial emesis. On presentation the pulse was 95; respirations, 20/min; and BP, 130/90 mm Hg. He was described as anxious, combative, and hostile. Toxicology screening and subsequent quantification *vide supra* demonstrated a 42 $\mu\text{g}/\text{ml}$ caffeine serum level. No other drug substances were detected in the serum or urine. The patient left against medical advice before further serum levels could be obtained.

The drug preparation obtained from Case Number One, as well as an additional capsule obtained by a community physician from an unrelated case, are shown (Fig). Analysis of the contents by GC-MS and HPLC demonstrated approximately 225 mg caffeine per capsule. No other drug substance was contained in the capsule.

Fatalities due to caffeine ingestion have been reported^{1,3} and were associated with caffeine plasma levels of 79.0 to 158.5 $\mu\text{g}/\text{ml}$. The amount of caffeine contained in the preparations shown here (225 mg) is greater than that found in most caffeine-containing products (No Doz[®], Bristol Myers, 100 mg; Vivarin[®], JB Williams, Co, 200 mg), indicating that ingestion of a small number of these capsules may result in caf-

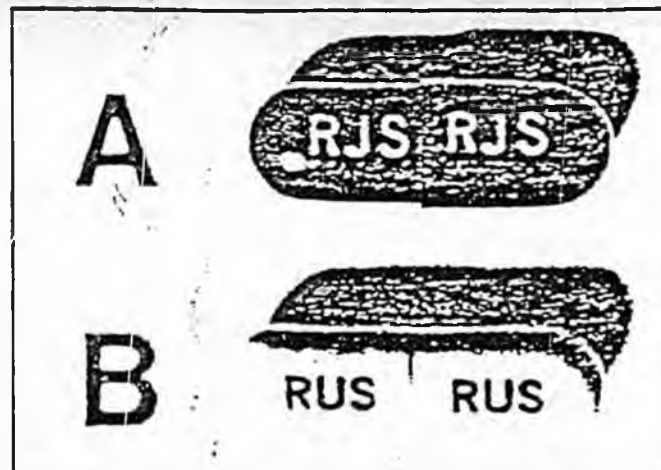


Fig. Caffeine-containing street drug preparation. Analysis of contents revealed 225 mg caffeine per capsule. No other drug substances were detected. Capsule A, black in color, was obtained from Case Number One. Capsule B, yellow in color, was obtained by a community physician from a patient. Note the capsule markings differ.

fine plasma levels equal to those in reported fatalities. In children, the danger is particularly great due to the small size (1.2 cm x 5 mm OD) of the capsules.

Emergency physicians should consider toxicity secondary to caffeine-containing drug products in the differential diagnosis of patients presenting with a history of ingesting stimulant medications. The rapid recognition of this overdose will prevent inappropriate treatment and allow the physician to avert the potentially serious complications of caffeine overdose.

David C. May, MD

Thomas Long, MD

Department of Emergency Medicine

Robert Madden, PhD

Harrell E. Hurst, PhD

Charles H. Jarboe, PhD

Department of Pharmacology and Toxicology

University of Louisville School of Medicine

Louisville, Kentucky

1. Dimairo VJM, Garratt JC: Lethal caffeine poisoning in a child. *J Foren Sci* 3, 1974.
2. Turner JE, Cravey RH: A fatal ingestion of caffeine. *Clin Toxicol* 10:341-344, 1977.
3. Sullivan JL: Caffeine poisoning in an infant. *J Pediatr* 90:1022-1023, 1977.

enacts look-alike drug ban

Pennsylvania became the 15th state to outlaw look-alike drugs when legislation forbidding the sale and distribution of the drugs was signed into law by Gov. Richard Thornburgh.

The new law, which takes effect in 60 days, bans the manufacture, distribution, processing, packaging, and sale of look-alike pills. Violators face a maximum penalty of five years in prison and a \$10,000 fine.

(Look-alike drugs are pills that are manufactured and packaged to resemble controlled substances, usually amphetamines and tranquilizers. However, they contain such non-prescription drugs as caffeine, ephedrine, phenylpropanolamine, and antihistamines. They have been blamed for heart attacks, strokes, and at least 15 deaths nationally.)

In signing the law, Gov. Thornburgh said Pennsylvania had become known as the look-alike drug center of the nation. Approximately 150 registered manufacturers, distributors, and retailers are located throughout the state, and nearly two-thirds of the look-alike pills in the country are distributed from Pennsylvania.

THE NEW LAW was the latest step in cracking down on the look-alike industry, which has come under increasing attack by state and federal governments.

In November, four drug companies located in Lewistown, Pa., signed a consent order that prohibited them from offering look-alike capsules as prescription drugs. Under the agreement, the companies can sell the pills as long as they don't resemble amphetamine drugs. The companies agreed not to use advertising with photographs or descriptions of the drugs.

In return, the U.S. Postal Service said it would not seek an injunction against drug orders mailed by the companies. Officials have said much of the look-alike drug business is conducted by mail.

Efforts to drive the look-alike distributors from Pennsylvania have received the support of the Pennsylvania Medical Society (PMS).

In September, when the legislation was introduced, John J. Dennehy, MD, a member of the PMS Commission on Therapeutics, testified on the adverse medical effects of look-alike pills.

In a letter urging Gov. Thornburgh to sign the bill, PMS President Raymond C. Grandon, MD, said, "It is the view of PMS that the availability of look-alike drugs is an integral part of the drug abuse problem . . . this legislation is needed to bring the drug abuse problem in Pennsylvania under control."

Fake-drug controls eyed in Tennessee

Legislation making it a felony to sell any substance under the guise of a narcotic or illegal drug has been passed by the Tennessee Senate.

The bill, the "Tennessee Imitation Controlled Substances Act," would make the sale of imitation drugs a felony punishable by a \$10,000 fine and one to five years in prison.

The penalty for advertising or promoting imitation controlled substances would be a fine of \$500 and jail terms of up to 11 months and 29 days.

The bill's sponsor, Sen. Tommy Burk (D, Monterey), said the legislation was necessary to end the proliferation of drugs sold on the street that were imitating everything from cocaine to amphetamines.

The Problem.

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This offer and this wording may shock some people. But the fact is, when you *have* to stay awake and stay alert, for any reason, we can offer you the most potent, most effective combinations of stimulants available without prescription!

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2. Black Capsule # 18-659 Double Strength
3. Black Capsule # 355 or DEX Double Strength
4. Orange Round Tablet BT 72
5. Black Capsule # 17- Triple Strength
6. Yellow Capsule # 18-704 or RJS
7. Yellow Capsule RJB or RVJ Double Strength
8. Brown/Clear Capsule C-875
9. Blue/Clear Capsule # 127
10. Green/Clear Capsule # 127
11. White/Clear Capsule # 127
12. White Tablet w/blue specks
13. White Tablet w/green specks
14. Blue Tablet w/blue specks
15. Pink Football Tablet
16. Small White Cross Tablet
17. Pink Heart Tablet
18. Small White Cross Tablet Double Strength
19. Black Capsule RJS or # 18-985
20. Black/Clear Capsule # 17-875 Double Strength
21. Mini Frog Egg
22. Green Triangle # 165
23. Black/White Capsule C-875
24. Small Pink Cross Tablet Double Strength
25. Large Black Capsule RJS Triple Strength

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Order Form

Use this order form or complete and return the enclosed card.

LEGAL STIMULANTS	
ITEM NO.	QTY.

(Please print)

NAME _____

PHONE (____) _____

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SIGNATURE — I CERTIFY I AM 18 YEARS OR OLDER

AMOUNT ENCLOSED \$ _____

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oon — New Birth Controls Change Lives of Millions

ew contraceptive techniques will bring about a
th control and have a tremendous impact on the
of women.

new birth control methods,
to be cheaper, safer and more ef-
fable today, will be on the U.S.
five

By **JEFF HOYT**

can stop ovulation for three
months.

● A vaginal sponge that
blocks sperm from entering
the uterus.

"There's no medical rea-
son why these items should
not be approved by the Food
and Drug Administration
(FDA) sometime in the next
five years," declared Dr.
Daniel R. Mishell Jr., chair-
man of the obstetrics-gyne-
cology department, Univer-
sity of Southern California.

The 20-year IUD lasts so
long because it's made with a
solid copper sleeve instead
of the thin copper wire used
in today's copper IUDs.

The time-release capsules,
containing a hormone, pre-
vent ovulation for six years.
They are now being im-
planted under the skin of a
woman's upper arm in a
quick surgical procedure.

"These capsules have been
tested on women for 10
years," Dr. Mishell said.
"Only six out of every 1,000
women using them for a year
became pregnant. With The
Pill, the pregnancy rate is 20
to 30 per 1,000."

Next month, Dr. Mishell
said, the FDA will hold hear-
ings on another method —
injection of hormones to pro-
tect against ovulation for
three months. Women in
more than 80 countries now
use this method.

He pioneered the develop-
ment of a vaginal ring that
can be used for six months
and prevents ovulation by
releasing hormones. "The
vaginal ring is awaiting FDA
approval," he said.

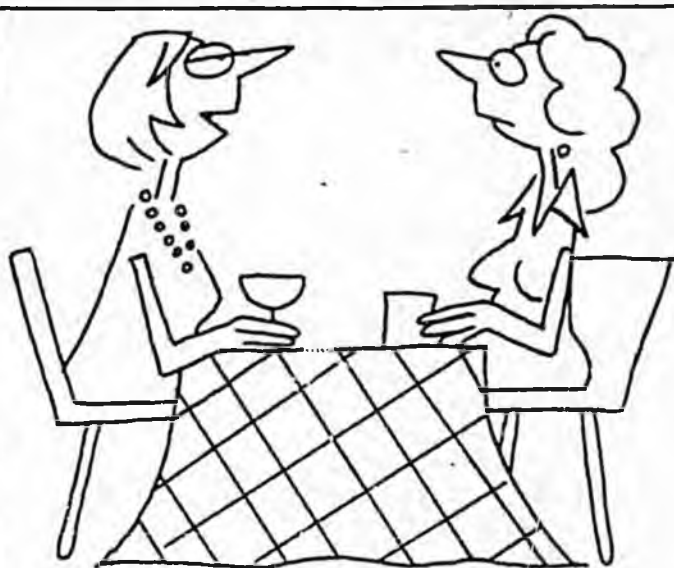
Dr. Howard J. Tatum, pro-

fessor of gynecology and ob-
stetrics at Emory University
in Atlanta, described a vagi-
nal sponge that prevents
conception two ways.

It physically blocks sperm
from entering the uterus,
and it's impregnated with a
chemical that kills sperm on
contact, he explained.

"The vaginal sponge will
probably be approved by the
FDA within the next few
months," he predicted.

"It's safer, cheaper and
more effective than The
Pill," he said.



"I'm plotting to murder my husband's mistress.
First, I'll saw off her legs, then I'll cut her cable
and kick in her screen."

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#2 PURPLE SPECKLED BAR DOUBLE STRENGTH \$20/100 Jar \$100/1000 Jar	#7 RED & CLEAR TRIPLE STRENGTH TIME RELEASED \$30/100 Jar \$150/1000 Jar
#3 PURPLE HEARTS DOUBLE STRENGTH \$20/100 Jar \$100/1000 Jar	#8 PURPLE CAPSULE TRIPLE STRENGTH \$30/100 Jar \$150/1000 Jar
#4 PURPLE FOOTBALLS DOUBLE STRENGTH \$20/100 Jar \$100/1000 Jar	<p>WARNING: Certain persons should not take this product such as the elderly, pregnant women, and those taking other drugs or with high blood pressure or thyroid conditions, heart disease, diabetes, any other medication, or any other medical condition. Use of this product has been reported to cause high blood pressure and may lead to serious problems associated with high blood pressure in certain individuals. Prolonged or frequent use should be considered particularly dangerous. These and all drugs should be kept out of the reach of children and not administered to children without consulting a physician. This product should only be used after consultation with a physician and used only as directed. Please read label directions for dosage. Taking more than the recommended dose may result in side effects such as increased nervousness, anxiety, irritability, difficulty in falling asleep, and disturbances in heart rate and rhythm. Do not give to children under 12.</p>
#5 PURPLE MINI-CROSS \$15/100 Jar \$55/1000 Jar	

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enforcement officials seek ban of 'look-alike' drugs

press

ON — Federal officials have urged Congress to ban look-alike drugs — perhaps the most serious problem in the drug business today.

Congress acts by

giving law enforcement authorities a strict, enforceable look-alike drug ban, many more young people will die and a group of low-life merchants will continue to profit at the expense of our young people," said Illinois Attorney General Tyrone Fahner.

He said at least seven deaths in Illinois in the past year and a half have been attributed to the use of the look-alikes.

"We are faced with a serious drug problem in America that many of us didn't even know existed a few years

ago," Fahner said.

Look-alikes are tablets, capsules, or other forms of non-controlled, over-the-counter drugs closely resembling well-known, highly abused controlled drugs, such as amphetamines, barbitur-

ates and quaaludes.

Although some ingredients in look-alikes are legitimately used as nasal decongestants, analgesics, or for the relief of cold, allergy or asthma symptoms, they also can produce various stimulant or depressant effects.

"Unfortunately, the look-alike user is lured into believing these pills will produce effects equal to those of the controlled substances they mimic," said Gene Haislip, deputy assistant administrator in the Drug Enforcement Administration.

COUPON

Joe, Paul, Vic, Pappy, Rich
HB 243

Randy Phillips - sponsor

raises age for day care assistance from
11-18 for D.D. kids \$247.0

HB 270 - Child Pornography.

Joe - explained concerns

Rich - likes as is.

HB 10 - Imitation controlled substance bill

Mitch Abood - sponsor

Prohibit the sale of "look alike" drugs - made
to look like drugs. Cannot distinguish
from real w/o lab test.

32 states passed such bill 4 pending
HB 10 like model act by DEA. (Very similar)

Lt. McCay

16 yrs. as state trooper / 2 yrs undercover
1981-95 cases 1982-214 cases

Most common drug, caffeine, ephedrine, &
pseudoephedrine. → Amphetamines most
popular.

Pub Safety supports bill because:

1. purchase leads to violence
2. juveniles take many pills - then get
the real thing and O.D.
3. introduction of juveniles into drug culture.

HCR 14 - REAA oversight

Pappas - presentation on need for oversight.

Dick Shultz - rep. on committee.

Teacher hiring & turnover, Student drop-out rates, Budget constraints - some topics done.

This yr. - foundation funding, debt retirement, Close up, Student Leadership.

Research & analysis of all issues affecting REAA's. Meet w/ NETA, WofA, parents, etc.

want to deal w/ maintenance & operation budgets → want to supplement foundation study

H B

19

Position Paper
S.S. for House Bill 19 am

An Act repealing the certificate of need program, amending or repealing provisions relating to state aid for health facilities, Medicaid and general relief medical assistance; and providing for an effective date.

Sponsor Substitute for House Bill 19 am proposes amendments to state law which primarily affect three areas of the Department of Health and Social Services' responsibility: 1) the certificate of need program, 2) coordination of the certificate of need program with the Alaska Medical Facility Authority, and 3) prospective reimbursement under the Medicaid and General Relief Medical Assistance Programs.

I. Certificate of Need

The bill effectively repeals the certificate of need program. The Administration supports this portion of SSHB 19 am.

II. Coordination of the Certificate of Need Program with the Alaska Medical Facility Authority

The bill repeals and reenacts AS 18.26.220. The apparent reason for the proposed changes in this portion of state law is to remove the references to the certificate of need program.

The Department of Health and Social Services supports this change in state law in order to maintain consistency with the proposed repeal of the certificate of need program as set out in SSHB 19 am.

III. Prospective Reimbursement - Medicaid and General Relief Medical Assistance Programs

A. General Overview

Hospital and Nursing home rates in Alaska have traditionally been established retrospectively, that is, costs are estimated at the beginning of a fiscal year and an "interim payment" determined. At the end of the fiscal year, the total interim payments made is compared to the allowable costs of the facility. The difference is either collected from or paid to the facility. This process is referred to as "cost settlement".

Prospective payment, on the other hand, provides for establishment of the payment rate prior to the fiscal year as a result of discussions between each facility and the State, each facility must then operate and provide care at this predetermined rate for the fiscal period.

While the retrospective method assures providers that all of their allowable costs will be reimbursed, a fundamental weakness of these retro-

spective systems is the lack of incentives to control staffing levels, equipment purchases, wage increases, and service expansion.

In view of reduced federal revenues and a new state spending limit, Alaska needs improved cost containment and predictability from its medical reimbursement system. The system must not only consider price, but also eligible groups and service coverages before the budget year commences. It also must consider the differences in "rural" and "urban" health delivery problems.

B. Problems with Retrospective Cost-Based Reimbursement Systems

- Tendency toward ineffective cost containment -- The key problem with a retrospective system is the lack of incentives to control expenditures so that unnecessary costs are avoided.
- Dependence upon auditing and monitoring procedures -- A retrospective system must have a tight, effective auditing system to monitor costs in order to curb abuses of the system.
- Tendency of the system to become inflexible -- Decisions are often made by accountants based on "generally acceptable accounting principles" rather than on the merits of each individual facility's situation.
- State is uncertain of total program costs until the fiscal period is well over -- Final cost figures may not be known to the State until 6 months after a fiscal year ends.
- Cost Shifting occurs where unallowable costs under Medicaid are borne by other payors (insurance and private payors).

C. Advantages of a Prospective Payment System

- Based on the principle that predetermined rates will result in lower costs. A 1982 study by THE URBAN INSTITUTE concluded that prospective systems lower the rate of increase in hospital spending by several percentage points a year, after an initial start-up period.
- Predictability of costs to the State. Prices are agreed upon by the facilities and the State before the fiscal period starts.
- Predictability of revenues to the facilities. The industry can negotiate wages, purchases and other business decisions with a set service price in mind.
- The technique encourages development of more sophisticated budgeting and cost monitoring capabilities. These are desirable management tools and will permit the State to see how a facilities' budget is built and discuss their assumptions in each of the major cost categories.

D. Disadvantages of a Prospective Payment System

Administrative costs are generally greater than those of a retrospective system. However, administrative costs vary greatly according to the design of the system, and as such, this factor is not of significant concern when compared to the total dollars being monitored in the health area.

Arbitrary cost limiters ("FREEZES", "LIDS") may be introduced into the prospective system to balance costs versus revenues. This eventually places hospitals and nursing homes in a "no win" situation since the rates do not fairly reflect efficiently run facilities' costs.

If rates are not applied industry wide, cost shifting can still occur if Medicaid rates are set unrealistically low by the State based on arbitrary limiters.

E. Operation of a Prospective Payment System

There are a wide variety of prospective payment systems operated in the acute care and long term care sectors around the nation.

A common element of a prospective rate payment setting mechanism is an allowable rate of increase in per diem cost for the following year. This percentage is normally calculated through application of economic indicator such as U.S. Department of Labor wholesale and consumer price indexes. The percentage is then routinely applied to actual cost from the previous period to arrive at the prospective rate. Determination of allowable rates of increase can be undertaken either on an individual facilities or groups of facilities.

Another element of a prospective payment system is more precisely defined cost categories combined with a uniform method of reporting costs to the State. A common cost breakdown would be labor vs. non-labor with further categorization inside these areas. The following example uses "natural" expense categories in reporting facility costs.

- Labor expenses
 - physician's fees
 - management
 - clerical
 - technical (e.g., LPNs', therapists)
 - registered nurses
 - household services (e.g., dietary, housekeeping workers)

- Non-labor expenses
 - food
 - utilities
 - drugs and supplies
 - maintenance of personnel
 - other

While some level of categorization is necessary to assure accuracy of prediction, the model outlined above may require an excessive level of accounting time and expertise for some of Alaska's smaller facilities.

The compromise approach shown below may suffice:

- Salaries and fringe benefits
- Non-labor expenses
 - administrative and general
 - household and maintenance
 - dietary
 - professional care

F. State Reimbursement Trends

To date, approximately thirty-four states have instituted a prospective system of reimbursement for nursing home services under Medicaid, and sixteen states have instituted a prospective system of reimbursement for hospital services under Medicaid. These prospective systems have taken many forms, each state's structure is a little different. However, they share the same philosophical purposes: "to encourage economy and efficiency, and to establish a uniform system of accounting, budgeting, and reporting in determining a health facility's future reimbursement".

G. Why Alaska Should Consider Prospective Payment Now

1. Total overall spending is growing at 20% each year in Medicaid/GR Medical.

In any period, total spending is always a function of: 1) the number of recipients, 2) the volume of services used, and 3) the unit price of service. With an automatic cost-of-living increase that expands Alaska's eligible population, coupled with no unit price control or volume limits, Alaska currently has no ability to effectively control growth in medical costs.

According to a recent study by THE URBAN INSTITUTE, Medicaid payments rose at an annual rate of 15.5 percent from FY73 to FY79 nationally. Alaska had the highest annual rate of increase at 41.8 percent during this same period. Since FY79, costs have increased in excess of 20 percent annually in Alaska.

These three factors (recipients, volume, and unit price) need to be considered collectively in any fiscal year. Currently, critical decisions concerning eligible populations, service coverages and unit price are handled independent of each other and do not produce a final cost figure until the fiscal year is past. If total spending is to be contained at a level below 20%, these factors must be considered collectively before each fiscal year starts.

2. Federal funding for Medicaid is reduced in FY84 and later years. The State is facing an unknown dollar cutback in federal funding for FY84. Unless additional State funding replaces these lost federal revenues, critical decisions must be made to bring program spending in line with available resources.
3. Prospective Systems reduce costs in the long term. The Urban Institute recently concluded that "a consensus is now developing that

POSITION PAPER/Department of Health & Social Services

prospective rate setting is effective in lowering the rate of increase in hospital spending by several percentage points a year, at least in mature rate setting programs after an initial start-up period".

H. Why Doesn't the Department of Health and Social Services Simply Adopt Prospective Payment by Regulation?

The Legislature must specifically endorse adoption of a prospective system in Alaska. The Alaska Attorney General has ruled in a 1982 opinion that present Alaska Statutes prevent adoption of a prospective payment system by regulation. The Legislature must change Alaska Statutes to clearly authorize the Department to adopt a prospective system.

I. What Options Exist?

1. Do Nothing. This strategy would leave reimbursement in the present retrospective environment and require the Department to pass reductions in federal revenues on to hospitals and nursing homes through reduced rates. Most recent calculations place hospital and nursing home revenue reductions at 8% and 24% respectively for FY84. This strategy would not require any additional funds beyond the FY84 Governor's request for Medical Assistance but would severely impact Alaska facilities.
2. Remain on retrospective system and replace lost federal revenues with State funds, if State law permits. This strategy will require replacement funds and may require a statute change as well. There is some doubt whether the present statutes would permit the Department to pay rates in excess of the federal limits.
3. Same as option #2 but reduce persons eligible and medical services available. Under existing Alaska law, the Department is empowered to eliminate certain medical services and certain eligibility groups if funds were deemed inadequate for FY84. If it were determined that the Department could pay in excess of new federal limits with all State funds, or legislation were passed to permit this, the Department could make reductions in services and eligible groups to stay within its FY84 request.
4. Adopt Prospective System and replace lost federal revenues with State funds. This strategy will cost roughly the same as Option #2 but FY84 costs could be predicted with greater certainty. Assuming no changes were made in medical services covered or persons eligible, this option would save the State from 1 to 3% annually compared to Option #2 after the initial start-up period.
5. Adopt Prospective System but reduce persons eligible and medical services available. Herein lies the true value of a prospective system. Once the prospective rules are established and the rates (unit price) for services agreed upon for the fiscal year, eligible groups and medical services are then balanced against unit price to operate within the available appropriation. If no changes were made in persons covered or services offered, the price for this option would be the same as Option #4. If major reduction in eligibles or

services were made, the costs for this option could be reduced proportionately.

- 6. Seek Relief from Congress. This is always an option but not one with as much potential in light of Alaska's present financial image. Nonetheless, there is provision within the new federal changes for special negotiation with the Secretary of Health and Human Services regarding "rural" hospitals. Alaska could pursue this option in conjunction with one of the strategies described in Option 1 through 5 above.

J. Summary

Alaska must balance eligible populations, medical services covered and unit price against available funds to define an affordable FY84 medical program. While a prospective system will not in and of itself make this totally possible, it could provide a business environment in which critical decisions will be made before the fiscal year starts.

Department's Position

The Department of Health and Social Services supports this legislation as proposed.

<p><u>5/25/83</u></p> <p>Date</p>	<p><i>Robert London Smith</i></p> <hr/> <p>Robert London Smith, Ph.D. Commissioner Department of Health and Social Services</p>
<p><u>May 27, 1983</u></p> <p>Date</p>	<p><i>John Pugh</i></p> <hr/> <p>John Pugh, Deputy Commissioner for Social Services Department of Health and Social Services</p>
<p><u>May 19, 1983</u></p> <p>Date</p>	<p><i>Daniel J. Middleton</i></p> <hr/> <p>Daniel J. Middleton, Director Division of Planning, Policy, and Program Evaluation</p>
<p><u>May 19, 1983</u></p> <p>Date</p>	<p><i>Rod Betit</i></p> <hr/> <p>Rod Betit, Director Division of Public Assistance</p>

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST
 Bill/Resolution No.: SSHB 19 am
 Title: Prospective Rate Setting
 Sponsor: _____
 Requestor: _____

II. FISCAL DETAIL
 Agency Affected: Health and Social Services
 Program Category Affected: Medical Assistant
 BRU, Program of Subprogram(s) Affected: _____
 Medicaid/General Relief Medical _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		84.7	90.6	97.0	103.8	111.0
200 TRAVEL		27.0	28.9	30.9	33.1	35.4
300 CONTRACTUAL		70.0	20.0	20.0	20.0	20.0
400 COMMODITIES		2.0	2.1	2.3	2.4	2.6
500 EQUIPMENT		6.0	1.0	1.0	1.0	1.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		189.7	142.6	151.2	160.3	170.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		99.1	74.5	79.0	83.7	88.8
FEDERAL FUNDS		90.6	67.1	72.2	76.6	81.2
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		2	2	2	2	2
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: *James S. Harris* Phone: 465-3355
 Division: Public Assistance Date: 5/24/83
 Approved by Commissioner: *Robert L. Smith* Date: 5/25/83
 Department: W&SS

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FISCAL NOTE REVIEW

100	Personal Services				
	1) Executive Director	R24	\$4,251 X 12 =	\$51,012	
	2) Clerk Typist III	R 8	1,487 X 12 =	17,844	
		Benefits .23%		<u>68,856</u>	
				15,837	
				<u>84,693</u>	
200	Travel and Per Diem				
	1) 5 Commission Members X 12 meeting X \$450			\$27,000	
300	Contractual (Data Processing Assistance)			\$70,000	
400	Commodities			\$ 2,000	
500	Equipment			\$ 6,000	
	1) Desks, Chairs and Files				
	Word Processor				
					<u>\$189,693</u>

Three existing Auditor III positions from the Division of Public Assistance will be transferred for Commission use as well as travel funds, etc.

FY'85 and succeeding fiscal years based on 7 percent increase.

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SS House Bill 19 Date on Bill: 1/24/83
 Title: An Act repealing the certificate of need program; and providing for an effective date
 Sponsor: Representatives Fritz, Hayes, Zharoff, Cato, Lindauer, Szymanski
 Requestor: _____

1. Estimated fiscal impacts on:

a. Expenditures:

	FY 83	FY 84	FY 85	FY 86
Capital	0	0	0	0
Operating	0	0	0	0
Total	0	0	0	0

b. Revenues:

Revenue	FY 83	FY 84	FY 85	FY 86
	0	0	0	0

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Dave W. Williams ^{DW} M. H. Samuel Phone: 465-3038
 Division: State Health Planning and Development Date: 2-14-83

Approved by Commissioner: Robert Gordon Smith, Ph.D. Date: 2/22/83
 Department: Health and Social Services Date: _____

6. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSSHB 19 (Finance) Page 1 of 2
 Title Relating to C.O.N. and state aid for health facility
 Requested by House Finance Date 4/13/83

II. FISCAL DETAIL

Agency Affected Dept. Health & Social Services
 Program Category Affected Health Facility Development
 BRU, Program, Or Subprogram(s) Affected Health Planning & Development

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	84,693	90,621	96,965	103,753	111,015	
200 TRAVEL	27,000	28,890	30,912	33,076	35,391	
300 CONTRACTUAL	70,000	20,000	20,000	20,000	20,000	
400 COMMODITIES	2,000	2,140	2,290	2,450	2,621	
500 EQUIPMENT	6,000	1,000	1,000	1,000	1,000	
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL	189,693	142,651	151,167	160,279	170,027	

FUNDING (Thousands of Dollars)

GENERAL FUND	99,115	74,535	78,985	83,745	88,839
FEDERAL FUNDS	90,578	68,116	72,182	76,534	81,188
OTHER (Specify Source)					

POSITIONS

FULL TIME	2	2	2	2	2
PART TIME					
TEMPORARY					

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

See Attachment A

IV. DATE 4/13/83 PREPARED BY Al Adams, Chair *APA*
 AGENCY House Finance Committee
 Original: Legislative Finance PHONE 465-3706
 cc: Budget & Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/82)

100 Personal Services			
1) Executive Director	P24	\$4,251 X 12 =	51,012
2) Clerk Typist III	R8	1,487 X 12 =	<u>17,844</u>
			68,856
		Benefits .23%	<u>15,837</u>
			\$84,693
200 Travel and Per Diem			
5 Commission Members X 12 meetings			
X average cost of \$450		=	27,000
300 Contractual (Data Processing Assistance)			70,000
400 Commodities			2,000
500 Equipment			
1) Desks, Chairs and Files			6,000
Word Processor			
			<u>\$189,693</u>

Three existing Auditor III positions from the Division of Public Assistance will be transferred for Commission use as well as travel funds, etc.

Note that 47.7% of this budget will be supported with federal funds.

H B

39

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

5/15/83

Date: MAY 14 1983

Mr. President:

The Committee on HESS has had CSHB 39 (HESS)

Relating to services for pregnant women; eff. date

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for CSHB 39 same title
- and recommends CSHB 39 new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN



Official Business

Alaska State Legislature

Senate

Office of the President

Pouch V
State Capitol
Juneau, Alaska 99811

RECEIVED

APR 26 1983

Josephson,

MEMORANDUM

DATE: April 23, 1983

TO: Senator Joe Josephson
Chairperson, H.E.S.S. Committee

FROM: Senator Jay Kerttula
Senate President

RE: Letter of support for HB 39.

The attached material was recently received in my office. I am forwarding it to you for your information and the perusal of your committee.



THE SALVATION ARMY

Booth Memorial Home

3600 EAST TWENTIETH AVENUE
POUCH S.A. 3-063
ANCHORAGE, ALASKA 99501
(907) 279-0522

"A United Way Agency"

WILLIAM BOOTH
FOUNDER

JARL WAHLSTROM
GENERAL

WILL PRATT
TERRITORIAL COMMANDER

MAJOR WM. E. MCHARG
DIVISIONAL COMMANDER

LIEUTENANT GENE RAGAN
ADMINISTRATOR

APR 15 1983

Gene Ragan

April 12, 1983

Senator Jalmar Kerttula
Pouch V
Juneau, Alaska 99811

Dear Senator Kerttula,

I would like to take this opportunity to express my concern for House Bill 39.

As the Administrator for The Salvation Army Booth Memorial Home in Anchorage, Alaska, since 1978, we have seen a tremendous increase in the need of serving adolescent unwed mothers in the state. In 1981 we had to say "no" to 228 young pregnant girls throughout the State of Alaska because of lack of funding. This figure grew in 1982 to 274, and we see the figure continuing to grow.

I am sure in the near future, you will be faced with the decision to support House Bill 39, and I would appreciate any support you can give to this very important matter to us here at the Booth Home as well as to many young unwed mothers throughout the state.

If I can provide you with any other information, or be of any support, please feel free to call upon me in this very crucial matter. Thank you for your time and consideration.

Sincerely,

Gene Ragan

Gene Ragan, Lt.
Administrator

GR/bp

Aid to Pregnant Women

POSITION PAPER
CS FOR HOUSE BILL NO. 39 (HESS)

For a bill entitled: "An Act relating to services for pregnant women; and providing for an effective date."

This bill provides for expansion of pregnancy related health and social services and authorizes State funding for services to pregnant women experiencing social and economic difficulties during the prenatal and postpartum periods. These services are to include adoption assistance, counseling, transportation, care received in maternity and foster homes, and training in parenting skills, as well as medical care services during the prenatal and postpartum periods of pregnancy.

Discussion:

Although the Department offers a wide range of public services, many women experience difficulties and hardships in obtaining timely and adequate prenatal care. These difficulties are associated with economic barriers to medical care and unavailability of many services in rural communities. These gaps in pregnancy related services may be summarized as follows:

1. financial inability of many low income and adolescent women to purchase medical care and to pay for travel outside of their communities for pregnancy associated services;
2. fragmentation of the pregnancy care delivery system, that inhibits provision of education, counseling, referral, medical, and follow-up services required by many women;
3. unavailability of many pregnancy-related services in rural communities;
4. lack of appropriate housing near major medical centers, where certain women from rural communities must stay while obtaining out-patient maternal care services; and
5. insufficient adoption counseling and placement services.

This bill will greatly enhance the quality of care available to women experiencing difficulties associated with childbearing. The social services will include counseling, maternity or foster home placement, training in parenting skills and adoption assistance. The medical service will include outpatient prenatal care, hospital or birthing center delivery and postpartum care. The Department anticipates that the social services would be contracted out to local community providers and the medical care would be provided by a private health professional on a fee for service basis.

While this bill offers increased medical and social services for pregnant women, there are several potential problems. The bill does not contain provisions to assure that the State is the payor of last resort after all other third party payors have been approached and found not to be liable for payment.

A second potential problem concerns the provision of medical services. The general intent of the bill is to provide assistance to women seeking to carry their pregnancy to term. If a woman enrolled in this program decides to terminate the pregnancy and is denied an abortion, this bill could be found unconstitutional, because it does not permit equal choice regarding this issue.

Recommendation:

The bill at the present time does not include specific definitions of "economic and social difficulties associated with childbearing," but allows the Department to adopt regulations to define those terms. As part of the adoption of regulations process, the Department would plan to conduct public hearings to assist in formulating appropriate standards on which to determine eligibility for services. At this point, it is proposed that regulations could define economic need to be approximately 125% to 150% of the Federal Community Services Administration's Alaska Non-Farm Poverty Guideline (attached), and social needs to include those individuals who are having psychological and emotional problems associated with the pregnancy.

In order to direct services to those women without other financial resources, the Department recommends the bill be amended to include a provision that all other third party benefits must be exhausted before State funds can be utilized to provide care. This modification will assure that the appropriations under this bill will be utilized as a "last pay" thereby conserving the available funds for those actually experiencing financial difficulties.

It is also recommended that the Department of Law be requested to determine if abortion coverage would be required under the medical care provisions. If the coverage of abortions is confirmed and contrary to legislative intent, an additional amendment concerning the servability of medical care should be considered.

Position:

The Department recognizes the value of the needed pregnancy-related services that should be available to high risk women. We endorse the health promotion concepts of this Bill and feel that it will contribute to the comprehensiveness of pregnancy-related services throughout Alaska.

POSITION PAPER/Department of Health & Social Services

Recommended by: *Michael Price*
Michael Price, Director
Division of Family and Youth
Services

Date: 4/29/83

Recommended by: *Rod Betit*
Rod Betit, Director
Division of Public Assistance

Date: 4/24/83

Recommended by: *E.S. Rabeau*
E.S. Rabeau, Director
Division of Public Health

Date: 4/29/83

Approved by: *Robert London Smith*
Robert London Smith, Ph.D.
Commissioner
Department of Health and
Social Services

Date: 4/29/83

SUMMARY

I. REQUEST

Bill/Resolution No.: CSHB 39
 Title: Services to Pregnant Women
 Sponsor: M.M. Miller
 Requestor: House HESS

II. FISCAL DETAIL

Agency Affected: H&SS
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____
 See attached Fiscal Notes for H&SS

categories

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		35.0	46.7			
200 TRAVEL		1.2	1.6			
300 CONTRACTUAL		2.6	3.6			
400 COMMODITIES		.4	.4			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		1,661.7	2,119.8	2,243.7	2,374.8	2,513.6
TOTAL OPERATING		1,700.9	2,172.1	2,243.7	2,374.8	2,513.6

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND		1,700.9	2,172.1	2,243.7	2,374.8	2,513.6
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME		1.0	1.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The funding source was not identified by the sponsors.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Michael I. Price *Michael I. Price* Phone: 465-3170
Dwayne Peenles Phone: 465-3105
 Division: Family and Youth Services & Public Health Date: 03/23/83
 Approved by Commissioner: Krist London Smith, M.D. Date: 3/23/83
 Department: H&SS

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

I. REQUEST

Bill/Resolution No.: CSHB 39 (HESS)
 Title: "Service for pregnant women."
 Sponsor: M.M. Miller, Martin et.al.
 Requestor: House HESS

II. FISCAL DETAIL

Agency Affected: Health & Social Services
 Program Category Affected: Health
 BRU, Program of Subprogram(s) Affected: To be established.

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LANDS & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	0	704.0	1,104.6	1,167.6	1,234.2	1,304.5
TOTAL OPERATING	0	704.0	1,104.6	1,167.6	1,234.2	1,304.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	704.0	1,104.6	1,167.6	1,234.2	1,304.5
FEDERAL FUNDS						
OTHER (Specify Source)	0	704.0	1,104.6	1,167.6	1,234.2	1,304.5

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Dwayne Peoples Phone: 465-3105
 Division: Public Health Date: 3/22/83
 Approved by Commissioner: *Robert L. Anderson, M.D.* Date: 3/22/83
 Department: Health and Social Services

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

CS for HB 39 (HESS)
Fiscal Impact Note

The fiscal impact of providing pregnancy related medical care to women without other coverage (i.e. Medicaid, General Relief Medical, Public Health Service or insurance) is estimated to be \$704.0 in FY '84. This impact is based upon the following assumptions.

- (1) - It is assumed that the intent of this Bill is to provide prenatal outpatient, hospital or birthing center delivery and postpartum medical care which would approximately cost \$2,200 per case (\$750 physician, \$1,450 hospital).
- (2) The projected number of births in Alaska for FY '84 is approximately 11,900 assuming an increase of 7% from 1982.
- (3) Approximately 475 of the total births would qualify for this service during FY '84. This estimate is based upon experience of a similar service provided through a pilot project at the Fairbanks Health Center during 1981-1982. The project provided financial assistance to 7% of the total births in the North Star Borough. Adjusting the criteria for service to reflect the Department's anticipated definition of social and economic difficulties, approximately 4 % would utilize the medical services. Calculating for a 4 month delay in project start, an estimated 320 clients would utilize this service during the fiscal year.
- (4) Additional state staff would not be required since the Division of Public Assistance would perform the bill paying, and the Division of Public Health or the Division of Family and Youth Services would provide client intake and eligibility certification.

I. REQUEST

Bill/Resolution No.: HB 39
 Title: Services to Pregnant Woman
 Sponsor: M.M. Miller
 Requestor: House HESS

II. FISCAL DETAIL

Agency Affected: H&SS
 Program Category Affected: Social Services
 BRU, Program of Subprogram(s) Affected:
 To be established

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		35.0	46.7			
200 TRAVEL		1.2	1.6			
300 CONTRACTUAL		2.6	3.6			
400 COMMODITIES		.4	.4			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		957.7	1,015.2	1,076.1	1,140.6	1,209.1
TOTAL OPERATING		996.9	1,057.5	1,076.1	1,140.6	1,209.1

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		996.9	1,067.5	1,076.1	1,140.6	1,209.1
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		1.0	1.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The funding source was not identified by the sponsors.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Michael L. Price *Michael L. Price* Phone: 465-3170
 Division: Family and Youth Services Date: 03/22/83
 Approved by Commissioner: *Robert Louder Smith, M.D.* Date: 3/23/83
 Department: *H & SS*

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

IV. ANALYSIS:

A. Assumptions

Enactment of this Bill would provide for expansion of pregnancy related health and social services and authorizes State funding of the cost of non-medical service for pregnant women experiencing social and economic difficulties during the prenatal and postpartum periods.

In FY 84 it is estimated there will be 11,800 births to Alaskan residents. 1,900 or 16% will be births to unmarried women.

<u>Age of Mother</u>	<u>Estimated Births to Unmarried Women</u> <u>Number of Births</u>
13 - 19	626
20 - 24	720
25 - 29	380
30 - 34	115
35 - 39	40
40 - 45	9
	<u>1,890</u>

B. Program Summary

1. Positions - An associate Coordinator, Range 18, would be established to initiate the program on a statewide basis for the initial two years, after which it would be phased out and the duties would be assumed by the regional offices of the Division.

2. Other Expenditures

The Department assumes that the services delineated in this Bill would be utilized mostly by unmarried women. Using this pool as the target group, the Department would further assume that the more youthful unmarried women (ages 13-24) would be more likely to utilize maternity and foster home care; whereas the older group (ages 25-45) would utilize the community services, such as counseling and adoption assistance.

The younger age group consists of 1,346 women. The Department estimates that approximately 190 of this group would avail themselves of the services of a maternity home or foster home (30 maternity and 160 foster), and a total of 300 would utilize available counseling and adoption assistance.

C. Computations

The entire range of services would be contracted out from the Benefits to Individuals Line Item 700 as follows:

	<u>Original</u>	<u>Reduction</u>	<u>Total</u>
<u>Foster Home Care</u>			
160 persons x \$502/mo x 5 mos. (\$18/mo. and 1 mo. reduction)	\$481,920	(\$80,320)	\$401,600
<u>Maternity Home Care</u>			
30 persons - \$73/day x 5 mos. (152 days) (50% reduction of daily cost)	780,400	(455,200)	\$332,880
<u>Counseling/Adoption Assistance</u>			
300 persons x \$75/hr. x 8 hr. (7 hr. reduction of daily cost)	377,500	(157,500)	\$180,000
<u>Transportation to and from Placement</u>			
120 persons x \$360/average trip (\$240 per trip reduction and 30 person reduction)	<u>90,000</u>	<u>(46,800)</u>	<u>43,200</u>
Total	\$1,697,820	(\$740,140)	\$957,680

A 6% inflation factor has been assumed for FY 85-88, and the position costs are for the 12-month period for FY 85.

D. Economic Impact

Providing adequate services would prevent the development of health problems and defects in children and reduce the need for other services later on.

E. Impact on Local Governments

There would be no impact on local governments.

1.	POSITION TITLE Associate Coordinator				RANGE/STEP 18A	BARG. UNIT GGU	FORM 12	PAGE/LINE	CGV.	APPROV.	DISAPP.							
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY 1	LOCATION Juneau	ELECTION DISTRICT 4	LEG.										
3.	CONTINUATION LEVEL				JUSTIFICATION													
4.	TYPE OF EXPENDITURE				FY 84 9 mos. Staffing													
	1		2	3														
	PERSONAL SERVICES																	
5.	Salary		26,685		<p>This position will be required to initiate the Services to pregnant women on a statewide basis. This would include program planning, development, preparation of regulations, requests for proposals, contracts, and contract monitoring and program evaluation for nine months in FY 84 and all of FY 85. The position would then be phased out in FY 86, with the regional offices assuming these duties.</p>													
6.	Benefits		4,560															
7.	Supplemental Benefits		1,636															
8.	Fixed Benefits		2,160															
9.	TOTAL PERSONAL SERVICES	01		35,041														
10.	Travel	02		1,200														
11.	Contractual	03		4,600														
12.	Commodities	04		400														
13.	Equipment	05																
14.	Other																	
15.	TOTAL COST			41,241														
	RECEIPT CODE	FUNDING SOURCE																
16.		Federal Receipts 1002																
17.		G.F. Match 1003																
18.		General Funds 1004										41.2						
19.		I-A Receipts 1005																
20.		Program Receipts 1028																
21.		Other																
FOR BSM USE ONLY																		
4A KEY NUMBER																		

REQUEST FOR
13 NEW POSITION

AGENCY Health and Social Services
Social and Economic Assistance
PROGRAM for the General Population
BRU Program Services
COMPONENT To Be Established

FY 84

Page 1 of 1
Revised Date

REVISED

No 1

SUMMARY

I. REQUEST
 Bill/Resolution No.: CSHB 39 (HSS)
 Title: Services to Pregnant Women
 Sponsor: M.M. Miller
 Requestor: House HESS

II. FISCAL DETAIL
 Agency Affected: H&SS
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____
 See attached Fiscal Notes for H&SS categories

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		35.0	46.7			
200 TRAVEL		1.2	1.6			
300 CONTRACTUAL		2.6	3.6			
400 COMMODITIES		.4	.4			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		1,661.7	2,119.8	2,243.7	2,374.8	2,513.6
TOTAL OPERATING		1,700.9	2,172.1	2,243.7	2,374.8	2,513.6
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	1,700.9	2,172.1	2,243.7	2,374.8	2,513.6
FEDERAL FUNDS					
OTHER (Specify Source)					

POSITIONS:

FULL-TIME		1.0	1.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The funding source was not identified by the sponsors.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Michael L. Price *Michael L. Price*
 Dwaine Peoples
 Division: Family and Youth Services & Public Health

Phone: 465-3170
465-3105
 Date: 03/23/83

Approved by Commissioner: Robert L. Smith, M.D.
 Department: H&SS

Date: 3/23/83

Distribution:

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- Copy to Requestor (if different from Sponsor)

Page 1 of 2
No 2

I. REQUEST
 Bill/Resolution No.: CSHB 39 (HESS)
 Title: "Service for pregnant women."
 Sponsor: M.M. Miller, Martin et.al.
 Requestor: House HESS

II. FISCAL DETAIL
 Agency Affected: Health & Social Services
 Program Category Affected: Health
 BRU, Program of Subprogram(s) Affected: To be established.

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LANDS & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	0	704.0	1,104.6	1,167.6	1,234.2	1,304.5
TOTAL OPERATING	0	704.0	1,104.6	1,167.6	1,234.2	1,304.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	704.0	1,104.6	1,167.6	1,234.2	1,304.5
FEDERAL FUNDS						
OTHER (Specify Source)						
	0	704.0	1,104.6	1,167.6	1,234.2	1,304.5

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Dwayne Peeples Phone: 465-3105
 Division: Public Health Date: 3/22/83
 Approved by Commissioner: *Robert L. Smith, Ph.D.* Date: 3/22/83
 Department: Health and Social Services

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

CS for HB 39 (HESS)
Fiscal Impact Note

The fiscal impact of providing pregnancy related medical care to women without other coverage (i.e. Medicaid, General Relief Medical, Public Health Service or insurance) is estimated to be \$704.0 in FY '84. This impact is based upon the following assumptions.

(1) It is assumed that the intent of this Bill is to provide prenatal outpatient, hospital or birthing center delivery and postpartum medical care which would approximately cost \$2,200 per case (\$750 physician, \$1,450 hospital).

(2) The projected number of births in Alaska for FY '84 is approximately 11,900 assuming an increase of 7% from 1982.

(3) Approximately 475 of the total births would qualify for this service during FY '84. This estimate is based upon experience of a similar service provided through a pilot project at the Fairbanks Health Center during 1981-1982. The project provided financial assistance to 7% of the total births in the North Star Borough. Adjusting the criteria for service to reflect the Department's anticipated definition of social and economic difficulties, approximately 4% would utilize the medical services. Calculating for a 4 month delay in project start, an estimated 320 clients would utilize this service during the fiscal year.

(4) Additional state staff would not be required since the Division of Public Assistance would perform the bill paying, and the Division of Public Health or the Division of Family and Youth Services would provide client intake and eligibility certification.

Page 18⁴
203

I. REQUEST

Bill/Resolution No.: HB 39
 Title: Services to Pregnant Woman
 Sponsor: M.M. Miller
 Requestor: House HESS

II. FISCAL DETAIL

Agency Affected: H&SS
 Program Category Affected: Social Services
 BRU, Program of Subprogram(s) Affected: To be established

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		35.0	46.7			
200 TRAVEL		1.2	1.6			
300 CONTRACTUAL		2.6	3.6			
400 COMMODITIES		.4	.4			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		957.7	1,015.2	1,076.1	1,140.6	1,209.1
TOTAL OPERATING		996.9	1,067.5	1,076.1	1,140.6	1,209.1
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		996.9	1,067.5	1,076.1	1,140.6	1,209.1
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		1.0	1.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The funding source was not identified by the sponsors.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Michael L. Price *Michael Price*
 Division: Family and Youth Services

Phone: 465-3170

Date: 03/22/83

Approved by Commissioner: Robert L. Smith, M.D.
 Department: H & SS

Date: 3/23/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

Revision Date 3/22/83

PAGE 2 74

IV. ANALYSIS:

A. Assumptions

Enactment of this Bill would provide for expansion of pregnancy related health and social services and authorizes State funding of the cost of non-medical service for pregnant women experiencing social and economic difficulties during the prenatal and postpartum periods.

In FY 84 it is estimated there will be 11,800 births to Alaskan residents. 1,900 or 16% will be births to unmarried women.

<u>Estimated Births to Unmarried Women</u>	
<u>Age of Mother</u>	<u>Number of Births</u>
13 - 19	626
20 - 24	720
25 - 29	380
30 - 34	115
35 - 39	40
40 - 45	9
	<u>1,890</u>

B. Program Summary

1. Positions - An associate Coordinator, Range 18, would be established to initiate the program on a statewide basis for the initial two years, after which it would be phased out and the duties would be assumed by the regional offices of the Division.

2. Other Expenditures

The Department assumes that the services delineated in this Bill would be utilized mostly by unmarried women. Using this pool as the target group, the Department would further assume that the more youthful unmarried women (ages 13-24) would be more likely to utilize maternity and foster home care; whereas the older group (ages 25-45) would utilize the community services, such as counseling and adoption assistance.

The younger age group consists of 1,346 women. The Department estimates that approximately 190 of this group would avail themselves of the services of a maternity home or foster home (30 maternity and 160 foster), and a total of 300 would utilize available counseling and adoption assistance.

C. Computations

The entire range of services would be contracted out from the Benefits to Individuals Line Item 700 as follows:

	<u>Original</u>	<u>Reduction</u>	<u>Total</u>
<u>Foster Home Care</u> 160 persons x \$502/mo x 5 mos. (\$18/mo. and 1 mo. reduction)	\$481,920	(\$80,320)	\$401,600
<u>Maternity Home Care</u> 30 persons - \$73/day x 5 mos. (152 days) (50% reduction of daily cost)	788,400	(455,520)	\$332,880
<u>Counseling/Adoption Assistance</u> 300 persons x \$75/hr. x 8 hr. (7 hr. reduction of daily cost)	377,500	(157,500)	\$180,000
<u>Transportation to and from Placement</u> 120 persons x \$360/average trip (\$240 per trip reduction and 30 person reduction)	<u>90,000</u>	<u>(46,800)</u>	<u>43,200</u>
Total	\$1,697,820	(\$740,140)	\$957,680

A 6% inflation factor has been assumed for FY 85-88, and the position costs are for the 12-month period for FY 85.

D. Economic Impact

Providing adequate services would prevent the development of health problems and defects in children and reduce the need for other services later on.

E. Impact on Local Governments

There would be no impact on local governments.

1.	POSITION TITLE Associate Coordinator				RANGE/STEP 18A	DARG. UNIT GGU	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.						
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY 1	LOCATION Juneau	ELECTION DISTRICT 4	LEG.								
3.	CONTINUATION LEVEL				JUSTIFICATION											
4.	TYPE OF EXPENDITURE			AMOUNT	FY 84 9 mos. Staffing											
	1		2	3	<p>This position will be required to initiate the Services to pregnant women on a statewide basis. This would include program planning, development, preparation of regulations, requests for proposals, contracts, and contract monitoring and program evaluation for nine months in FY 84 and all of FY 85. The position would then be phased out in FY 86, with the regional offices assuming these duties.</p>											
	PERSONAL SERVICES															
5.	Salary		26,685													
6.	Benefits		4,560													
7.	Supplemental Benefits		1,636													
8.	Fixed Benefits		2,160													
9.	TOTAL PERSONAL SERVICES	01		35,041												
10.	Travel	02		1,200												
11.	Contractual	03		4,600												
12.	Commodities	04		400												
13.	Equipment	05														
14.	Other															
15.	TOTAL COST			41,241												
	RECEIPT CODE	FUNDING SOURCE														
16.		Federal Receipts 1.02														
17.		G.F. Match 1003														
18.		General Funds 1004		41.2												
19.		I-A Receipts 1005														
20.		Program Receipts 102B														
21.		Other														
FOR B&M USE ONLY																
4A KEY NUMBER																

REQUEST FOR
13 NEW POSITION

AGENCY Health and Social Services
Social and Economic Assistance
PROGRAM for the General Population
BRU Program Services
COMPONENT To Be Established

FY 84

Page 4 of 4 1
Revised Date

Alaska State Legislature

Josephson

OFFICIAL BUSINESS
CHAIRMAN
RULES COMMITTEE



JAN FAIKS
POUCH V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

Senate

RECEIVED

MEMORANDUM

Date: February 8, 1984

TO: All Members
Senate Finance Committee

FROM: Senator Jan Faiks *[Signature]*

RE: SCS CSHB39 (HESS) An Act Relating to Pregnant Women

Josephson,

I am attaching a copy of the revised fiscal note for the above mentioned bill. The requested amount has been reduced substantially and I thought you might find it interesting.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/6/84

REQUEST

Bill/Resolution No.: Senate CS for
Title: Services to Pregnant Women
HB 39

FISCAL DETAIL

Agency Affected: Health & Social Services
Program Category Affected: Social Services
BRU, Program or Subprogram(s) Affected:
Social Services BRU / Purchased Services Component
Direct Services Delivery Component

Sponsor: M.M. Miller
Requestor: Senate Finance
Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		35.0	49.5			
200 TRAVEL		1.2	1.3			
300 CONTRACTUAL		4.6	4.9			
400 SUPPLIES		.4	.4			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		678.8	719.5	762.7	808.5	857.0
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	720.0	775.6	762.7	808.5	857.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	720.0	775.6	762.7	808.5	857.0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	1.0	1.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Source of funds not identified in the Bill.

ANALYSIS: Attach a separate page for analysis

Prepared By: Michael L. Price, Director
Division: Family & Youth Services

Phone: 465-3170

Date: 2/6/84

Approved by Commissioner: [Signature]
Agency: Dept. of Health & Social Services

Date: 2/7/84

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

ANALYSIS:

A. Assumptions

Enactment of this Bill would provide for expansion of pregnancy related health and social services and authorizes State funding of the cost of non-medical service for pregnant women experiencing social and economic difficulties during the prenatal and postpartum periods.

In FY 85 it is estimated there will be 11,800 births to Alaskan residents. 1,890 or 16% will be births to unmarried women.

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<u>Age of Mother</u>	<u>Number of Births</u>
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30 - 34	115
35 - 39	40
40 - 45	9
	<u>1,890</u>

A 6% inflation factor has been assumed for FY 86-88.

B. Program Summary

1. Positions - An Associate Coordinator, Range 18, would be established to initiate the program on a statewide basis for the initial two years, after which it would be phased out and the duties would be assumed by the regional offices of the Division.

2. Other Expenditures

The Department assumes that the services delineated in this Bill would be utilized mostly by unmarried women. Using this pool as the target group, the Department would further assume that the more youthful unmarried women (ages 13-24) would be more likely to utilize maternity and foster home care; whereas the older group (ages 25-45) would utilize the community services, such as counseling and adoption assistance.

SENATE CS FOR CS FOR HOUSE BILL NO. 39
FISCAL NOTE

PAGE 3

The younger age group consists of 1,346 women. The Department estimates that approximately 190 of this group would avail themselves of the services of a maternity home or foster home (30 maternity and 160 foster), and a total of 303 would utilize available counseling and adoption assistance. To provide services to this number of women an estimated \$1,697,820 would be required in line item /00. The \$678,784 reflected in this fiscal note would enable serving 135 women of the 1,190 estimated or serving only 71% of those in need.

C. Computations

Purchased Services Component:

The entire range of services would be contracted out from the Benefits to Individuals Line Item 700 as follows:

	<u>Total</u>
<u>Foster Home Care</u> 114 persons x \$502/mo x 5 mos.	\$286,140
<u>Maternity Home Care</u> 21 persons - \$73/day x 5 mos. (152 days)	\$233,016
<u>Counseling/Adoption Assistance</u> 211 persons x \$75/hr. x 8 hr.	\$126,600
<u>Transportation to and from Placement</u> 92 persons x \$359/average trip	<u>33,028</u>
Total	\$678,784

Direct Services Delivery Component:

The position and related support costs are for the 12-month period for FY 86 in line item 100 through 500.

D. Economic Impact

Providing adequate services would prevent the development of health problems and defects in children and reduce the need for other services later on.

E. Impact on Local Governments

There would be no impact on local governments.