

**ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990**  
**6433 SENATE LABOR & COMMERCE** **8672**

837

quarters later, still have a fee set at the level it was at in 1985. The only fair comparison is between the actual average paid fee under the new methodology in each of the disallowance periods and what our average paid fee would have been if the old HCFA-approved methodology had been applied to updated survey data. Thus, numerous variables in the average paid fee such as the dispensing expense and product cost may well have increased and changed Texas' average paid fee had the new methodology not been implemented in March of 1986.

#### IV. Conclusion

In consideration of the foregoing, the State submits that the disallowance in this case is unjustified and should be reversed.

Respectfully submitted  
Texas Department of Human Services

By Paul A. Leche  
Paul A. Leche  
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PHARMACY PROGRAM DATA

March '89

Dispensing Fees (per Rx)  
National Average \$ 3.45  
Lowest in Alaska 3.45  
Alaskan Average 7.90  
Highest in Alaska 11.46

Cost of drugs to  
pharmacies is ~~13%~~ 13%  
below "list."  
Alaska will pay at least  
that much; more if defensible.

Average Rx sales (gross) for independent Alaskan pharmacies: \$338,000  
year.

Average Rx sales (gross) for all Alaskan pharmacies, including chains:  
\$501,000 year.

Medicaid volume: <sup>Aug. 10%</sup> ~~10%~~ of Rx and \$ per year.

Approximate savings from new program reimbursement rules is 17% compared to  
old program.

Effect of the Medicaid program on the average pharmacy's<sup>y's</sup> annual gross  
income is about a 1 1/2% decrease.

Cost of developing and implementing this program: \$160,000. <sup>Total funds</sup>  
Savings from new federal receipts this FY: \$1M  
Savings from new federal receipts next FY: \$2.5M

Features of the Medicaid  
Pharmacy Program:

- (1) encourages use of generics, but avoids  
ineffective drugs (see attached report);
- (2) allows for brand name drugs at doctor's  
discretion;
- (3) reimburses our pharmacies as much as  
possible under federal rules (Texas has a  
special program that would not be  
acceptable to feds if it were being  
proposed now - see attached letter; also  
the Texas program pays pharmacies less for  
costs of drugs than our program);

- (4) doesn't require pharmacies to bill other insurance first - cuts red tape;
- (5) doesn't require pharmacies to collect \$1 co-payment from patients - simpler than the old program;
- (6) has been developed with full participation of the pharmacy community;
- (7) will slow program cost increases over time;
- (8) saves Alaska  $\frac{1}{2}$  of the total cost of all drugs for Medicaid (\$4-5M/year) by capturing federal receipts;
- (9) allows continuation, without any increases in the budget, of emergency dental services for adults, chiropractic services and eyeglasses that would otherwise be eliminated.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care  
Financing Administration

Region X  
M/S 24  
2201 Sixth Avenue  
Seattle, WA 98121

RECEIVED  
1989  
MAR 10 1989  
MEDICAL ASSISTANCE  
OPERATIONS

Eric S. Hansen, Chief  
Medical Assistance  
Division of Medical Assistance  
Department of Health and Social Services  
4433 Business Park Boulevard Building  
Anchorage, Alaska 99503

Dear Mr. Hansen:

This is to confirm HCFA's policy for establishing the dispensing fee and estimated acquisition cost for drugs. As stated in your December 30, 1988 letter and discussed with Bob Grauman of my staff on March 9, 1989, basing all or part of the dispensing fee on the cost of ingredients is unacceptable because it contradicts HCFA's cost containment efforts. The use of ingredient costs as a basis tends to encourage dispensing brand name products instead of generic equivalents as well as stimulate price increases. Similarly, states cannot use average wholesale price (AWP) as the estimated acquisition cost of drugs. Numerous studies have shown pharmacies consistently purchase drugs at much less than AWP.

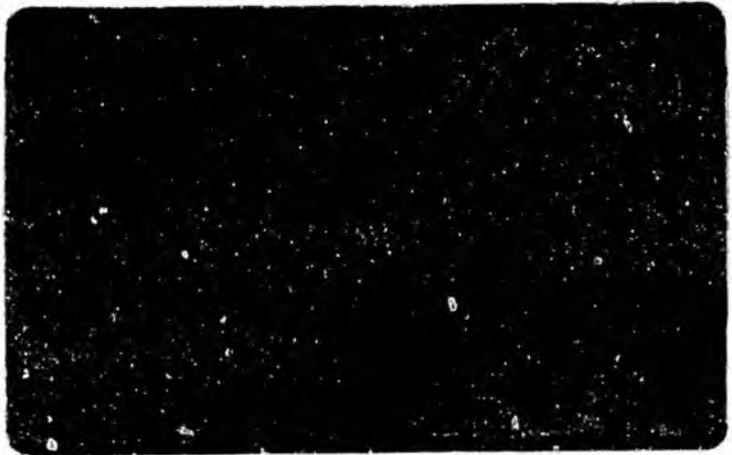
If you have any questions on this matter, our contact person is Bob Grauman. Bob can be reached at 206/442-0445.

Sincerely,

*Bunnee A. Butterfield*  
Bunnee A. Butterfield, Chief  
State Medicaid Operations Branch

cc: Kim Busch

*Myers  
&  
Stauffer*



Report  
On the Cost of Dispensing  
Pharmaceutical Prescriptions  
In the State of Alaska

Prepared for the

Division of Medical Assistance  
Department of Health and Social Services  
State of Alaska  
4433 Business Park Boulevard, Building "M"  
Anchorage, Alaska 99503

Prepared by

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In Consultation with

Gene Hotchkiss, RPh  
Carol Morgan, RPh

December 1988

## A C K N O W L E D G E M E N T S

The firm of Myers and Stauffer, Chartered, Certified Public Accountants, wishes to express appreciation to the following persons who provided assistance throughout the pharmacy cost survey conducted for the State of Alaska: Karen Purdue, Kim Busch, Chris Coursey, Eric Hansen, Bernie Klouda, Bill Larson, Bert Parish, Ron Sedgwick, Dave Swanson, the Alaska Pharmaceutical Association, and all of the Alaska pharmacists who cooperated by participating in the survey.

REPORT ON THE COST OF DISPENSING  
PHARMACEUTICAL PRESCRIPTIONS IN THE STATE OF ALASKA

I. INTRODUCTION

The objective of the Alaska Pharmacy Cost Survey was to collect data to determine an appropriate pharmaceutical dispensing fee for Alaska's Medicaid Programs. Basic cost data was requested from all pharmacies to determine the costs incurred in dispensing pharmaceutical prescriptions in the State of Alaska. This data was the minimum needed to accomplish these objectives. In addition to a survey of operational data, a survey of usual and customary charges was conducted for the purposes of determining a reasonable profit and of determining the correlation between selling price and average wholesale price (AWP).

Our approach to cost finding minimizes reliance on estimates and subjective data. We feel that objective historical data should be the basis for a prospective rate setting situation. Our prior experience was utilized to evaluate the reasonableness of data submitted by Alaska pharmacists; however, prior data was not utilized as a substitute for the actual costs of dispensing prescriptions in Alaska.

## II. SURVEY PARTICIPATION

To encourage maximum participation, a letter was sent to the pharmacies by both the Alaska Pharmaceutical Association and the Alaska Department of Health and Social Services. Pharmacists were urged to telephone us collect to resolve any questions they had concerning participation in the survey. Our telephone number was listed at the top of all survey forms.

The total population of 101 pharmacies was sent survey instruments to participate in the survey. Of the 101 pharmacies, 32 were found to be ineligible. One large chain, constituting 13 of the 32 ineligible stores, had a change in ownership which precluded them from filing. Copies of correspondence with this chain has been forwarded to the Department. The remaining 19 were determined ineligible if they had changed ownership, were dispensing physicians, had gone out of business, or had not had a fiscal year end including six months of data. As the original listing of pharmacies included two duplicate pharmacies, there were 67 pharmacies determined eligible to file. The final number of pharmacies filing complete and usable cost reports was 41, resulting in an overall response rate of 61 percent.

Pharmacy compliance with the survey was voluntary and a response rate of 61% is well above the range expected by our firm based upon previous experience. See Exhibit 1 for a comparison.

We believe it is unlikely that either the responding or the nonresponding pharmacies had any knowledge as to whether the costs, as we define them, of their particular pharmacy operation are either high or low. Therefore, we consider it unlikely there is any intentional bias within the responding sample.

### III. INFLATION ADJUSTMENTS

Allocated overhead and labor costs were totaled and multiplied by an inflation factor. Inflation factors were used to reflect cost changes from the middle of the reporting period of a particular pharmacy to March 31, 1989. March 31, 1989 was selected as the appropriate terminal month index for a fee payment period from January 1, 1989 to June 30, 1989 as it is the midpoint of that period. The midpoint index used was the U. S. Government Consumer Price Index. The terminal month index was from Wharton Econometrics Forecasting Associates (WEFA) projections.

A pharmacy reporting for a December 31, 1987 fiscal year would have its costs adjusted from June 30, 1987 to March 31, 1989. Each pharmacy's costs were adjusted from the midpoint of their fiscal year to a similar point in time (March 31, 1989). By making these adjustments, all costs are comparable. Any nonuniformity of accounting systems is, therefore, minimized. Due to changes in pharmacy operations and other factors, it

should be recognized that inflationary adjustments to historical costs are valid only for a limited time.

#### IV. POSSIBLE FEE ALTERNATIVES

There are four general alternatives available to the Department for determining a professional pharmaceutical fee. The first alternative is to implement one statewide fee for all pharmacies. A second is to assign an individual fee to each pharmacy based upon its reported costs. A third alternative is to estimate individual pharmacy fees based on a formula. A variation of this latter alternative is to classify pharmacies by a statistically significant trait and assign fees to each class. A fourth dispensing fee option would be to vary the fee dependent upon the ingredient cost of each drug.

##### STATEWIDE FEE

If one statewide fee is to be selected based upon survey results, there are a number of options with respect to percentiles, methods of calculating means, and other factors. The unweighted average dispensing cost per prescription, the average dispensing cost per prescription weighted by total prescription volume, and the average dispensing cost per prescription weighted by the number of prescriptions paid by the Alaska Department of Health and Social Services during the fiscal

year ending June 30, 1988 (subsequently referred to as Medicaid volume) have been reported. See Exhibit 2, Schedule D, which summarizes the calculated cost per prescription of each pharmacy. The unweighted mean is the average cost using equal weights for each pharmacy. The mean weighted by total prescription volume is the average dispensing cost of all prescriptions dispensed by pharmacies included in the sample. A mean calculation weighted by prescription volume implies that low volume pharmacies have a smaller impact on the weighted average than high volume pharmacies. This calculation, in effect, sums all costs in the sample and divides that sum by the total of all prescriptions in the sample. The Medicaid weighted mean is the average cost of filling a prescription using the number of Medicaid prescriptions as the weighting factor.

Advantages to adopting a uniform fee include simplicity and equality of treatment. No additional data to that already gathered will be required to set such a fee, and it is readily understood by all those affected by it. Since all receive the same fee, inefficiency is not rewarded, as it might be, for example, in utilizing a variable fee system. It is also easy to update such a fee since only one calculation for inflation or other changing economic circumstances will be required. The chief disadvantage is that no consideration is given to pharmacies regarding the nature and expense of the services they offer. For example, a pharmacy that offers free, 24-hour

delivery service receives the same reimbursement as one which does not provide delivery service. Since items such as delivery service can be a significant portion of overhead, this disparity can be quite large.

#### INDIVIDUAL FEES

The second alternative is to assign an individual fee to each pharmacy based upon cost data submitted by that pharmacy. The major advantage of the fully variable fee system is that the reimbursement rates are responsive to individual differences in dispensing cost. Pharmacies are neither overpaid nor underpaid with respect to their dispensing costs. Thus, this alternative adequately reimburses a pharmacy for any services it provides. However, while all cost data has been closely examined, there still exist operations where costs per prescription are unusually high. High costs per prescription are caused by circumstances such as being a relatively new operation, dispensing a small number of prescriptions, or simply being inefficient. To avoid paying unreasonably high dispensing fees to a few individual pharmacies, upper limits can be placed upon labor, overhead, and total costs per prescription. In many reimbursement programs, these limits are expressed in terms of percentiles. While such a procedure mitigates against rewarding inefficiency, that possibility still remains a major disadvantage of an individual

fee system. The unweighted average dispensing cost per prescription adjusted to March 31, 1989 is \$7.17. See Exhibit 2.

#### FORMULA-BASED FEE

The third general alternative is to assign individual pharmacy fees based upon a formula. One emphasis of this cost survey has been to determine the cost of dispensing a prescription for each individual pharmacy in the sample and then, through the use of regression analysis, to develop an objective formula that most nearly predicts the individual pharmacy's actual cost of dispensing prescriptions. The advantage to this system is that it represents a compromise between one statewide fee and an individual fee. It takes into consideration the expense of an individual pharmacy's services while, at the same time, does not reward inefficiency because it averages cost items through the regression analysis. However, it is a more complicated system than using one statewide fee as additional data must be gathered from nonfiling pharmacies in order to implement this system. The following methods may be used to calculate a dispensing fee based upon a formula.

#### Continuous Method

One method of fee determination is to calculate fees as a continuous function of the predictor variables. This can be done

in two steps. First, total pharmacy dispensing costs can be predicted based upon a predictive formula. Second, the predicted total pharmacy dispensing costs would be divided by the actual prescription volume of each pharmacy. The reasons for utilizing this two-step method are numerous. Some of the assumptions underlying linear regression are not valid on a per unit basis. While linearity does exist on total prescription cost, it does not exist on total cost per prescription. As one considers the underlying cost calculations, cost per prescription is an inverse function of total prescription cost; that is, it has been divided by total prescription volume. To illustrate this point, we have employed the formula from Exhibit 3-B and plotted its consequence on Exhibit 3-A.

Notice there are both fixed and variable costs associated with operating a pharmacy department. Because the fixed costs are spread over increasing volume, they decrease on a per unit basis. The variable costs are constant on a per unit basis so that, from Exhibit 3-B, the best estimate of fixed costs is \$36,619 and the best estimate of variable costs is \$4.68.

The predictive formula for inflated total pharmacy dispensing costs from the stepwise regression (Exhibit 10) is:

$$\text{Inflated Total Rx Dispensing Costs} = \$23,192 + 5.070$$

(Number of prescriptions) + 12.444 (Number of Medicaid prescriptions) - 2.103 (Total store area)

As an example, assume a pharmacy occupies a 600 square feet store and dispenses 10,000 prescriptions, of which 2,000 are Medicaid prescriptions. Using the above predictive equation, the best estimate of inflated total prescription dispensing costs is \$97,518 (calculated as follows:

$$[23,192 + 5.07 (10,000) + 12.444 (2,000) - 2.103 (600)].$$

This results in a per unit estimated dispensing (prescription) cost of \$97,518/10,000 prescriptions or \$9.75. A further illustration would be a pharmacy dispensing 40,000 prescriptions of which 4,500 are Medicaid having total store area of 12,000 square feet. This pharmacy's estimated per prescription cost would be:  $[23,192 + 5.07 (40,000) + 12.444 (4,500) - 2.103 (12,000)]/40,000$  or \$6.42.

As in all cost finding situations, there will be some unusually high and low predicted costs based upon this methodology. In these unusual cases, the formula-computed cost

per prescription could be limited to a minimum and maximum cost per prescription. The minimum and maximum cost could be designated as some reasonable percentile of an array of calculated costs per prescription. Also, since new providers would not have the information necessary to compute a formula-based fee, they could be assigned the mean of the predicted fees as their fee for the first year.

#### Discrete Method

Another method of fee determination would be to select a number of discrete fee categories wherein the pharmacies within each category are similar with respect to some underlying variable or variables. This could be done with respect to prescription volume and inflated cost per prescription. One possibility is to select three categories of prescription volume. The pharmacies within these categories would have similar costs in that the unweighted mean and the mean weighted by total prescriptions within each of these categories are very similar, differing by only pennies.

#### ESTIMATED ACQUISITION COST FORMULA-BASED FEE

The fourth dispensing fee option, which may be particularly appropriate for providers in the State of Alaska, essentially would reimburse providers at a rate consistent with the pattern

of their current charges. Data has been gathered on 56 pharmacies responding to the Usual and Customary Survey, resulting in a sample of approximately 930 prescriptions. Exhibit 4 is a bivariate plot with selling price on the vertical axis and average wholesale price on the horizontal axis. The formula for the line drawn in the exhibit is  $\$4.31 + 1.21$  (drug acquisition cost or AWP) for any given prescription dispensed. The  $R^2$  is .932, which denotes a highly accurate prediction of selling price using the above-mentioned formula.

Consider Exhibit 4. The fee that would be paid according to the formula is  $\$4.31 + .21$  (EAC). This includes an allowance for profit, but does not include an adjustment for inflation.

Exhibit 5 is a variation of the approach used in the fourth alternative. This exhibit expresses the results of a multiple regression model wherein additional data is taken into consideration. The additional data shows that a prescription being dispensed by an independent pharmacy and being dispensed from a rural location has a significant impact upon the predicted selling price of the prescription. An expanded formula for determining a fee based upon these considerations is:

$$\begin{aligned} &\$2.262 + 0.214 \text{ (EAC)} + 2.614 \text{ (if located in rural area)} \\ &\quad + 1.977 \text{ (if independent organization)} \end{aligned}$$

## V. PROFIT

The average profit (net margin) for pharmacies completing the survey is calculated by subtracting the total cost per prescription from the average gross margin per prescription. As the survey of usual and customary charges covered a different time period than the cost survey, total cost per prescription was adjusted to coincide with the average time period of the gross margin, i.e., June 15, 1988. Total cost per prescription adjusted to June 15, 1988 is \$6.97. Net margin per prescription of \$0.73 is calculated by subtracting \$6.97 from the gross margin of \$7.70 (see Exhibit 8).

Profit or net margin is an additional factor to be considered in setting a reimbursement rate. One purpose of the usual and customary survey was to determine an average net margin per prescription.

The mean unweighted dispensing cost per prescription adjusted to March 31, 1989 is \$7.17 (see Exhibit 2). Adding the net margin per prescription of \$0.73 results in a statewide professional dispensing fee of \$7.90.

The calculations for average net profit shown above reflect the Department's intent to change from a reimbursement of drugs at average wholesale price (AWP) to a discounted AWP (EAC)

amount. The allowance for an explicit recognition of profit should be reevaluated in the event that any change is made in the allowance for drug acquisition cost.

## VI. ANALYSIS

In response to the objectives of the survey, an analysis was conducted to determine any correlation between pharmacy costs (dependent variables) and services or other traits of the pharmacy (independent variables). The analysis of the impact of certain traits was specified in our proposal. These traits were: prescription volume, type of location, total floor space, maintenance of patient profiles, delivery service, level and percent of Medicaid volume, type of ownership, unit dose dispensing, 24-hour availability, geographic location, and type of pharmacy. The relationships between these traits and others listed in Exhibit 6 were analyzed through the use of a stepwise linear regression program. The only trait above found to be correlated with total dispensing cost per prescription was prescription volume.

Exhibit 9 lists the variable found to be correlated with total cost per prescription. The resulting  $R^2$  of .32673 indicates that approximately 33 percent of the total variation in cost is accounted for by that variable, total prescription volume. This is a respectable degree of accuracy in view of the

fact that phenomena as complicated as individual pharmacy costs are being predicted.

Another useful application of the regression analysis is to examine the total list of variables that were not correlated with dispensing costs. Independent variables tested in this regression are shown on Exhibit 6. A correlation matrix of regression variables is shown in Exhibit 7.

Multiple regression is a statistical technique which is used to identify a predictive equation for specified dependent variables. With this technique, it is hoped that a small subset of the predictor (independent) variables will account for a sufficient portion of the variability in the dependent variable so as to make prediction relatively easy as well as accurate.

By definition, the mean of the predicted values of the regression equation will be equal to the mean of the dependent variable. During this survey, a predictor set of 43 variables was tested to determine a predictive equation for each of 24 dependent variables (Exhibit 6). Major emphasis was placed upon total prescription costs and total cost per prescription.

Stepwise regression selects variables on the basis of which variable accounts for the most remaining variability in the dependent variable. That is, the first variable selected

accounts for the most variance, then the second variable selected accounts for the most remaining variance, and so forth until either all variance is accounted for or the remaining predictors make only negligible contributions. Significance of contribution is determined by an F-test on the variance accounted for by each predictor.

The task of identifying these equations was undertaken in two steps. The first step involved identifying a tentative predictive equation and then examining the sample data for potential errors. The second step involved taking the corrected data sample and identifying the best predictive equation for each dependent variable.

The software system, SPSS/PC+, was the statistical program utilized in determining the predictive equations. The various statistical techniques used for analyzing the data were stepwise regression, bivariate plotting, and correlation matrix.

#### CHECKING FOR POTENTIAL ERRORS

Errors in the data obscure the true relationship among variables. To the extent these errors are small, one can probably assume their effects will be immaterial. If they are

large, however, they may be of sufficient consequence to affect some of the parameters of the regression equation.

Once the predictive equations were derived, they were used to obtain predicted values for the dependent measures. These predicted values were compared with actual values and the amount of deviation was noted. Those cases which deviated more than three standard error units were then checked for accuracy. While this method certainly will not identify all errors, it did help to identify the major ones. The number of observed cases differs in the various regressions due to excluding extreme or missing data which we felt materially distorted underlying relationships between variables.

#### PREDICTIVE EQUATIONS AS A BASIS FOR FEES

It should be observed that the predictive equation will be a reliable predictor of costs only if adopted as specified in the equation. Combinations of variables cannot be selected from several sources and still be expected to result in a reliable predictive equation. The coefficients associated with each of the predictor (independent) variables do not necessarily have a causal relationship to costs (dependent variable); they are correlated with cost and perhaps indicative of some other underlying trait. Although one can use intuitive logic in assessing the coefficients of many of the predictor variables,

the equation should be looked upon only as a combination of variables that best predicts costs. This is an important point to bear in mind in assessing the regression results. Consider the following example.

Assume the following simplified formula resulted from Step 1 in a stepwise regression.

$$\text{TCRX} = \$3.00 - (.02) (\text{Rx volume in 1,000's})$$

Further assume there is only one large hospital pharmacy in the sample, and this pharmacy dispenses 250,000 prescriptions per year and has a cost of \$1.00 per prescription. The predicted cost at this step for the hospital pharmacy would be:

$$\$3.00 - (.02) (250) = \$-2.00$$

The reason that negative costs would be predicted is that the linearity assumption is not valid for extreme cases.

Assume further that, at Step 2, the next variable to enter is a variable designating the hospital pharmacy and that the resulting formula is:

$$\text{TCRX} = \$3.30 - (.05) (\text{Rx volume in 1,000's}) + (10.20) (\text{H.P.})$$

The predicted cost would be:

$$\text{TCRX} = \$3.30 - (.05) (250) + (10.20) (1) = \$1.00$$

The coefficient of \$10.20 for hospital pharmacies is not an indication that hospital pharmacies have costs \$10.20 higher than other pharmacies. It is instead an adjustment to the predictive equation based upon an interrelationship with the other variables in the equation.

Given a variable fee system, which includes individual fees or fees based upon a formula, some concession can be made for special cases that may arise. An example of a special case would be a new pharmacy unable to provide adequate information with respect to the variables to be used in the prediction formula. A reasonable solution would be to assign the pharmacy the statewide average inflated total cost per prescription plus the normal profit amount.

Exhibit 3-A through 3-J depicts certain selected correlations as bivariate plots.

#### COMMUNICATION OF FINDINGS

The results of the cost analysis are contained in the various exhibits included in this report. The standard mean

(unweighted), mean weighted by total prescriptions, and the mean weighted by Medicaid prescriptions are shown at the bottom of many exhibits.

Exhibit 11 categorizes responding pharmacies into various groups that might be of interest. For example, the mean of total cost per prescription for pharmacies with prescription volume of 10,000 and under was \$8.50, while the mean of total cost per prescription for pharmacies with prescription volume over 40,000 was \$5.53. The question of whether the classifications represent significant differences in cost can be partially answered through reference to the results of the regression analysis.

## VII. EXPLANATION OF SCHEDULES

### COMPUTERIZED REPORT - SCHEDULE C

Schedule C is a summary of the means calculated from the usual and customary surveys. The first column is the mean selling price per pharmacy for all drugs. Column 2 is the average wholesale price (AWP) for those prescriptions listed on the usual and customary survey. Column 3 is the average gross margin associated with the AWP in Column 2. Columns 4, 5, and 6 are similar to Columns 1, 2, and 3 except FAC drugs were excluded from the calculation of the means.

The exclusion of FAC drug cost data is supported for various reasons. One, the prescription survey excluded all Medicaid and other third party prescriptions. Two, the rate at which the Department may reimburse FAC drugs is not consistent with what the pharmacy charges the private pay customer, and the pharmacist would not be as compelled to substitute a generic drug for his private pay customers as he is for his Medicaid customers. Three, manufacturers of FAC drugs offer a wide range of prices, some far below the FAC price. However, on a case-by-case basis when the physician absolutely forbids an exchange of brands, the pharmacy must procure these branded FAC drugs at a far higher cost than would be reimbursed. For these reasons, it is the

recommendation of the pharmacist consultant that the gross margin be based on calculations that exclude FAC drug data.

COMPUTERIZED REPORT - SCHEDULE D

Schedule D is a summarization of the allocated costs of all individual cost reports. The first three columns are overhead, labor, and total cost per prescription before inflation adjustments. The following three columns are overhead, labor, and total cost per prescription after adjusting for inflation.

Exhibit 11 presents Schedule D arrayed in various sequences. These sequential arrays are convenient for locating probable errors in data and for determining costs at various percentiles. The same data is included in each sequence.

On the bottom of each page, various means are calculated. First, the unweighted means are calculated. Also shown are the standard deviation and variance of the weighted mean. Second, the means are weighted by the total number of prescriptions dispensed and, finally, the means are weighted by Medicaid prescriptions dispensed. The number of Medicaid prescriptions was taken from the Department's payment records for the fiscal year ending June 30, 1988. The bottom of each exhibit also indicates total prescription volume and total Medicaid volume for the number of pharmacies included in the calculation of averages.

ALASKA COST SURVEY REPORT

LIST OF EXHIBITS

- |            |  |
|------------|--|
| Exhibit 1  | Summary of Pharmacy Dispensing Fee Surveys                     |
| Exhibit 2  | Schedule D   |
| Exhibit 3  | Bivariate Plots  |
| Exhibit 4  | Regression of SP with EAC                                      |
| Exhibit 5  | Regression Summary - Selling Price                             |
| Exhibit 6  | Regression Variables   |
| Exhibit 7  | Correlation Matrix   |
| Exhibit 8  | Schedule C   |
| Exhibit 9  | Regression Summary -<br>Total Dispensing Cost Per Prescription |
| Exhibit 10 | Regression Summary -<br>Inflated Total Rx Dispensing Costs     |
| Exhibit 11 | Schedule D Arrays  |

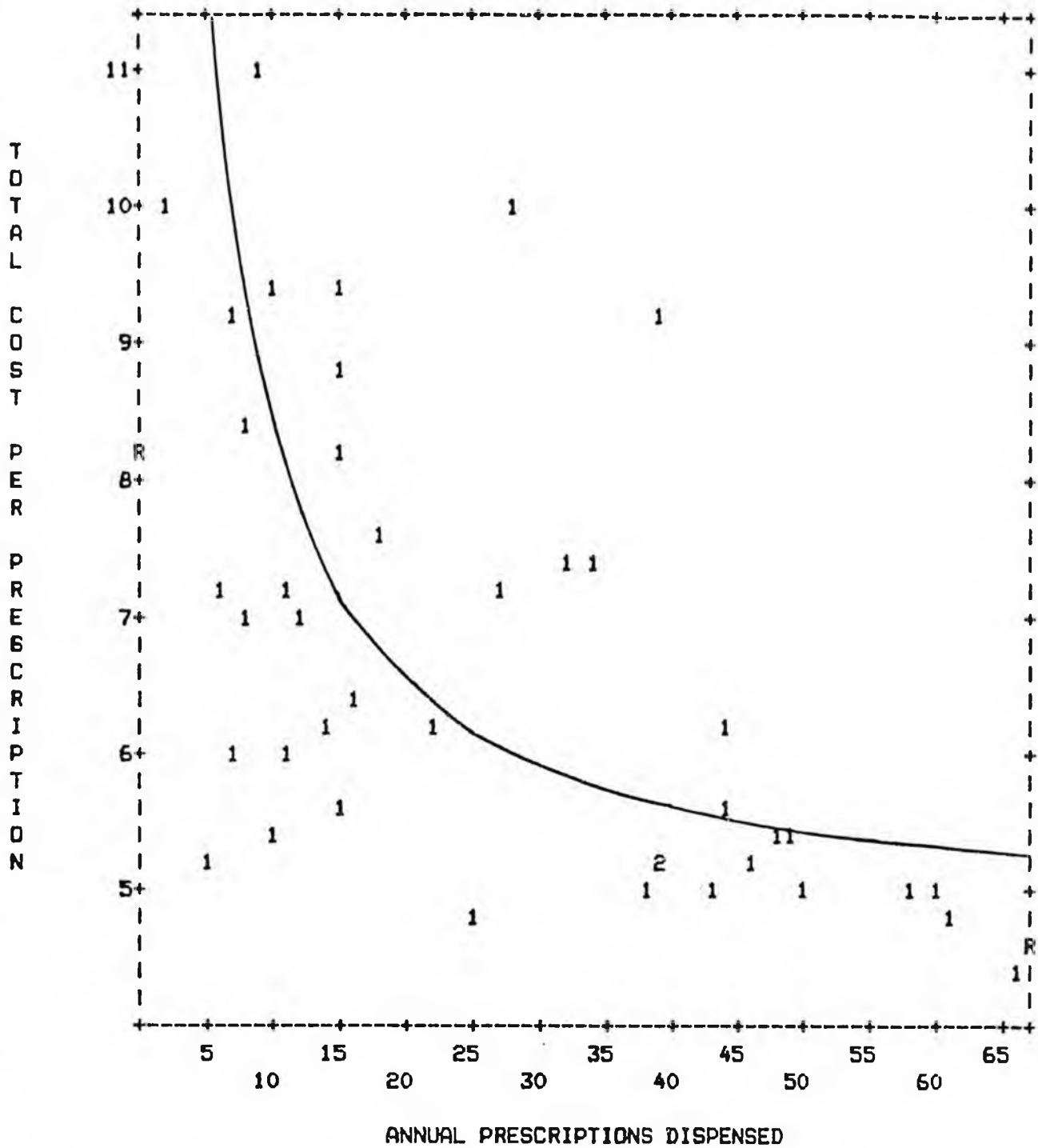
## EXHIBIT 1

## SUMMARY OF PHARMACY DISPENSING FEE SURVEYS

<u>Date of Final Report</u>	<u>State</u>	<u>Number of Pharmacies In Sample</u>	<u>Response Rate</u>	
			<u>With Sanction</u>	<u>Without Sanction</u>
July 1973	Kansas	477	89%	
July 1974	Kansas	482	90%	
August 1975	Kansas	494	91%	
July 1976	Kansas	480	90%	
March 1977	Georgia	245		45%
July 1977	Kansas	504	91%	
August 1978	Maryland	227		52%
December 1978	Delaware	78	78%	
July 1979	Kansas	485	88%	
October 1979	Georgia	1,003	87%	
June 1980	Texas	1,006		39%
August 1980	Florida	628		32%
August 1981	Kansas	488	88%	
August 1982	New Jersey	225		40%
October 1982	Maryland	271		44%
June 1983	Arkansas	135		41%
August 1983	Kansas	536	86%	
March 1985	Florida	369		17%
August 1985	Kansas	521	97%	
October 1985	Georgia	292		50%
November 1985	Maryland	242		34%
May 1986	Massachusetts	437	97%	
November 1986	New Jersey	192		33%
February 1987	Connecticut	150		43%
September 1987	Kansas	520	82%	
May 1988	Wyoming	57		52%
December 1988	Alaska	41		61%



EXHIBIT 3-A  
PLOT OF TCPERRX WITH TOTRXVOL

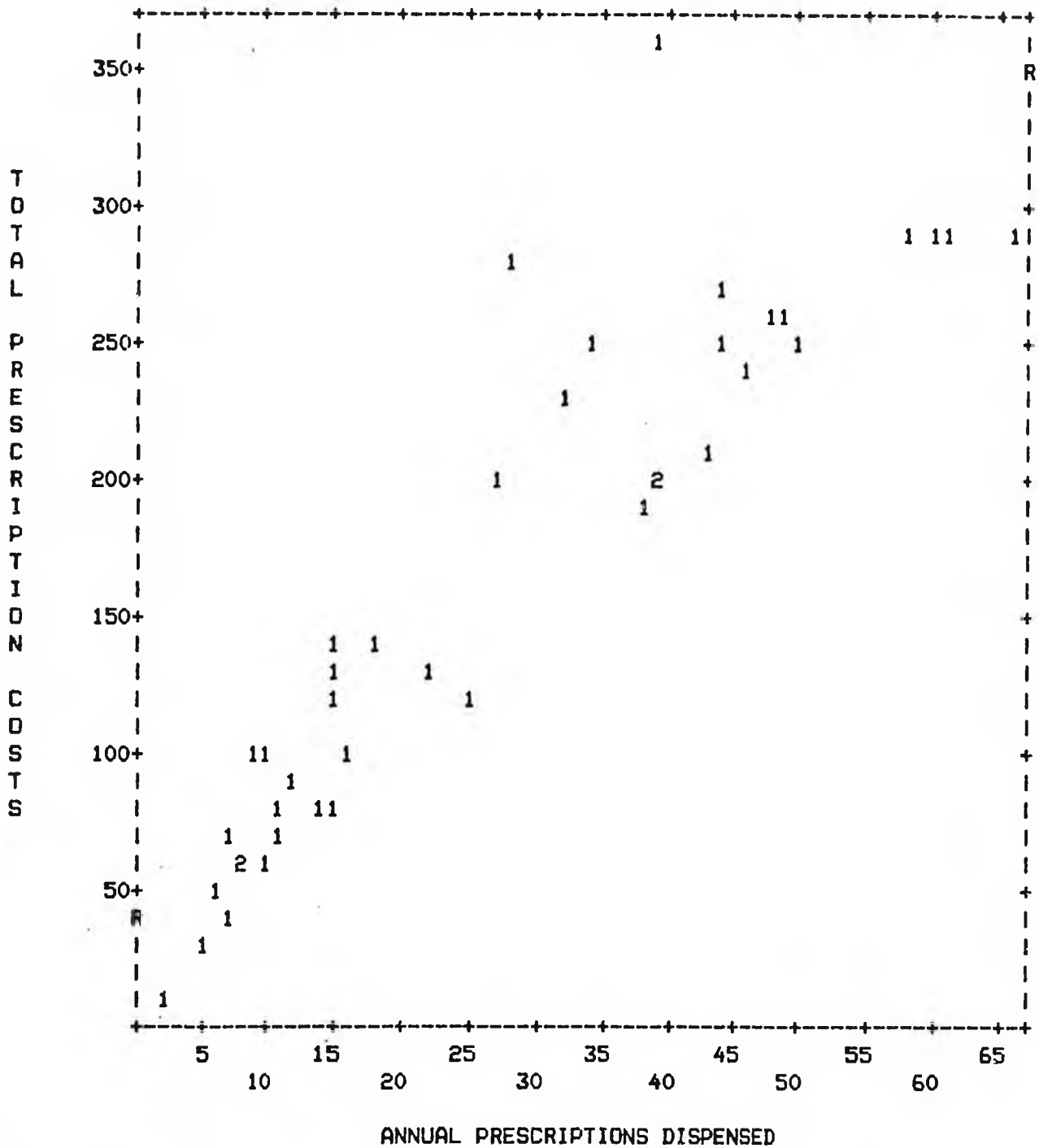


41 cases plotted. Regression statistics of TCPERRX on TOTRXVOL:

Correlation  $-.57161$  R Squared  $.32673$  S.E. of Es:  $1.46861$  2-tailed Sig.  $.0001$   
 Intercept (S.E.)  $8.18361$  ( $.40893$ ) Slope (S.E.)  $-.05466$  ( $.01256$ )

Variable	Mean	Std Dev	Minimum	Maximum	N
TCPERRX	6.71	1.77	4.44	11.03	41
TOTRXVOL	26.95	18.48	1.504	65.704	41

EXHIBIT 3-B  
PLOT OF TRXCOSTS WITH TOTRXVOL

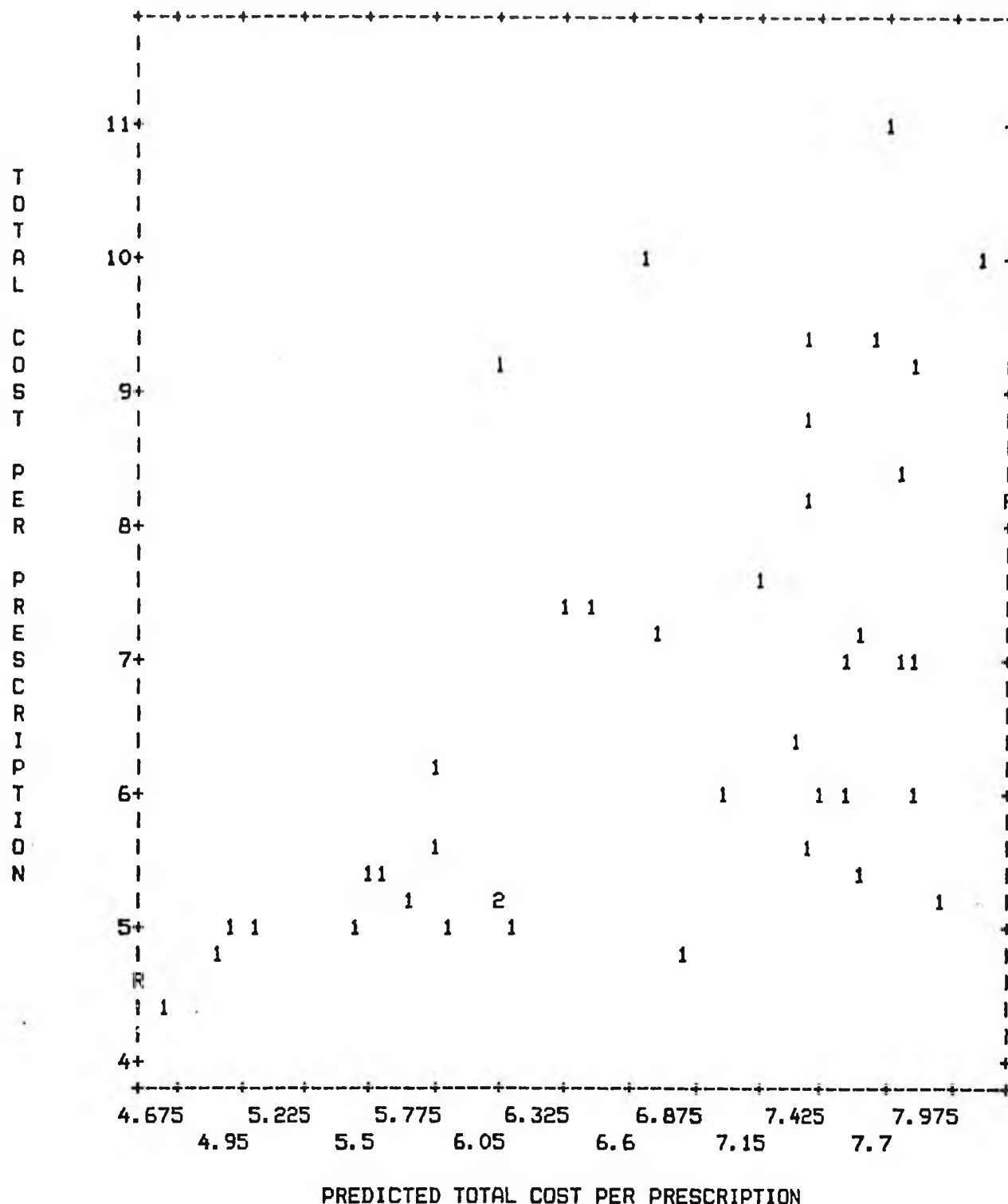


41 cases plotted. Regression statistics of TRXCOSTS on TOTRXVOL:

Correlation .91900 R Squared .84456 S.E. of Est 37.54929 2-tailed Sig. .0000  
Intercept(S.E.) 36.61902( 10.45556) Slope(S.E.) 4.67579( .32122)

Variable	Mean	Std Dev	Minimum	Maximum	N
TRXCOSTS	162.62	94.04	14.908	357.439	41
TOTRXVOL	26.95	18.48	1.504	65.704	41

EXHIBIT 3-C  
PLOT OF TCPERRX WITH PREDTC

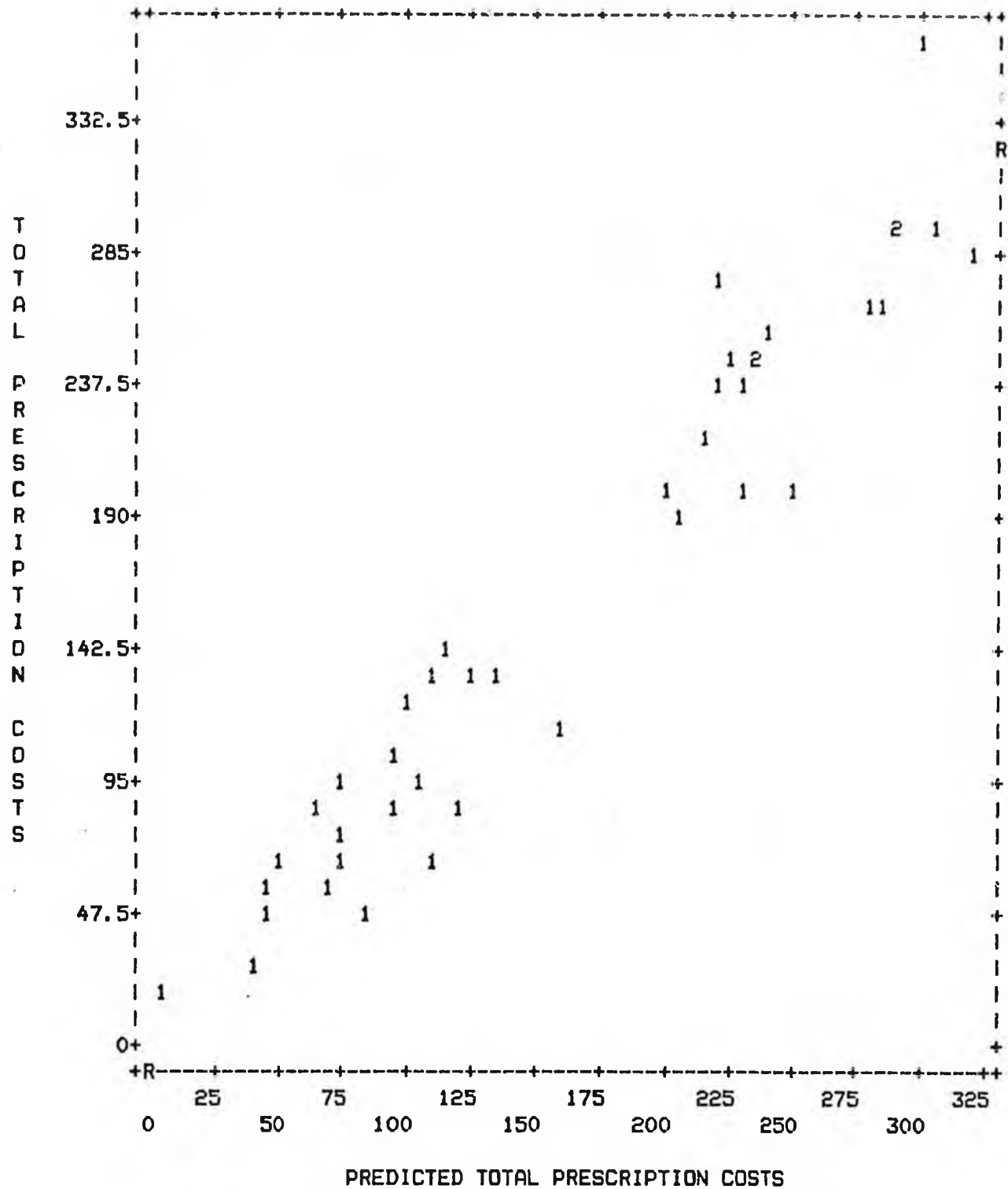


41 cases plotted. Regression statistics of TCPERRX on PREDTC:

Correlation .57161 R Squared .32673 S.E. of Est 1.46861 2-tailed Sig. .0001  
Intercept (S.E.) -.00000( 1.55949) Slope(S.E.) 1.00000( .22986)

Variable	Mean	Std Dev	Minimum	Maximum	N
TCPERRX	6.71	1.77	4.44000	11.03000	41
PREDTC	6.71	1.01	4.59252	8.10140	41

EXHIBIT 3-D  
PLOT OF TRXCOSTS WITH PREDCOST

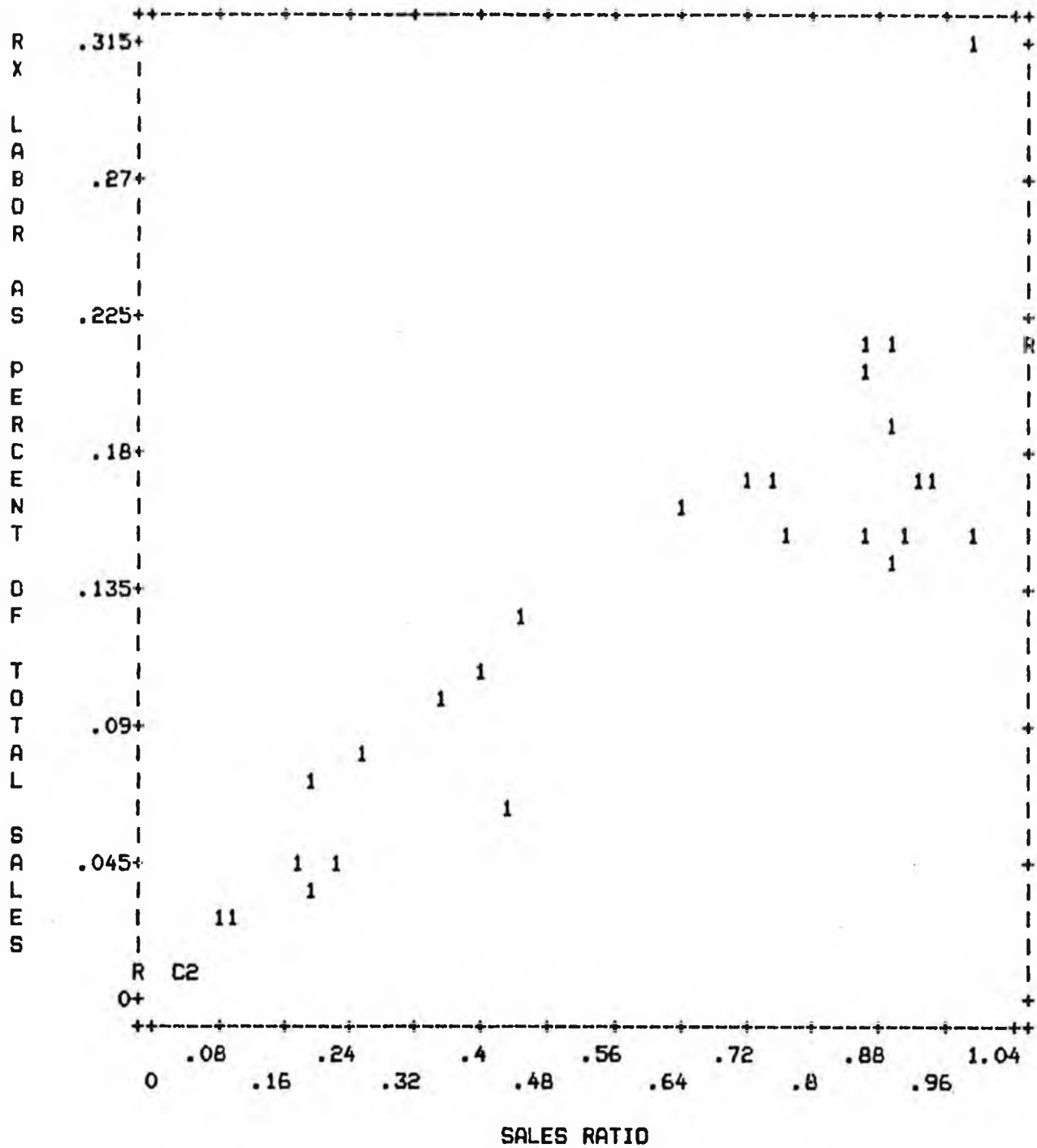


41 cases plotted. Regression statistics of TRXCOSTS on PREDCOST:

Correlation .96704 R Squared .93517 S.E. of Est 24.24940 2-tailed Sig .0000  
Intercept (S.E.) -.00000 ( 7.83273) Slope (S.E.) 1.00000 ( .04216)

Variable	Mean	Std Dev	Minimum	Maximum	N
TRXCOSTS	162.62	94.04	14.90800	357.43900	41
PREDCOST	162.62	90.94	5.27315	320.61437	41

EXHIBIT 3-E  
PLOT OF RXLST WITH SR

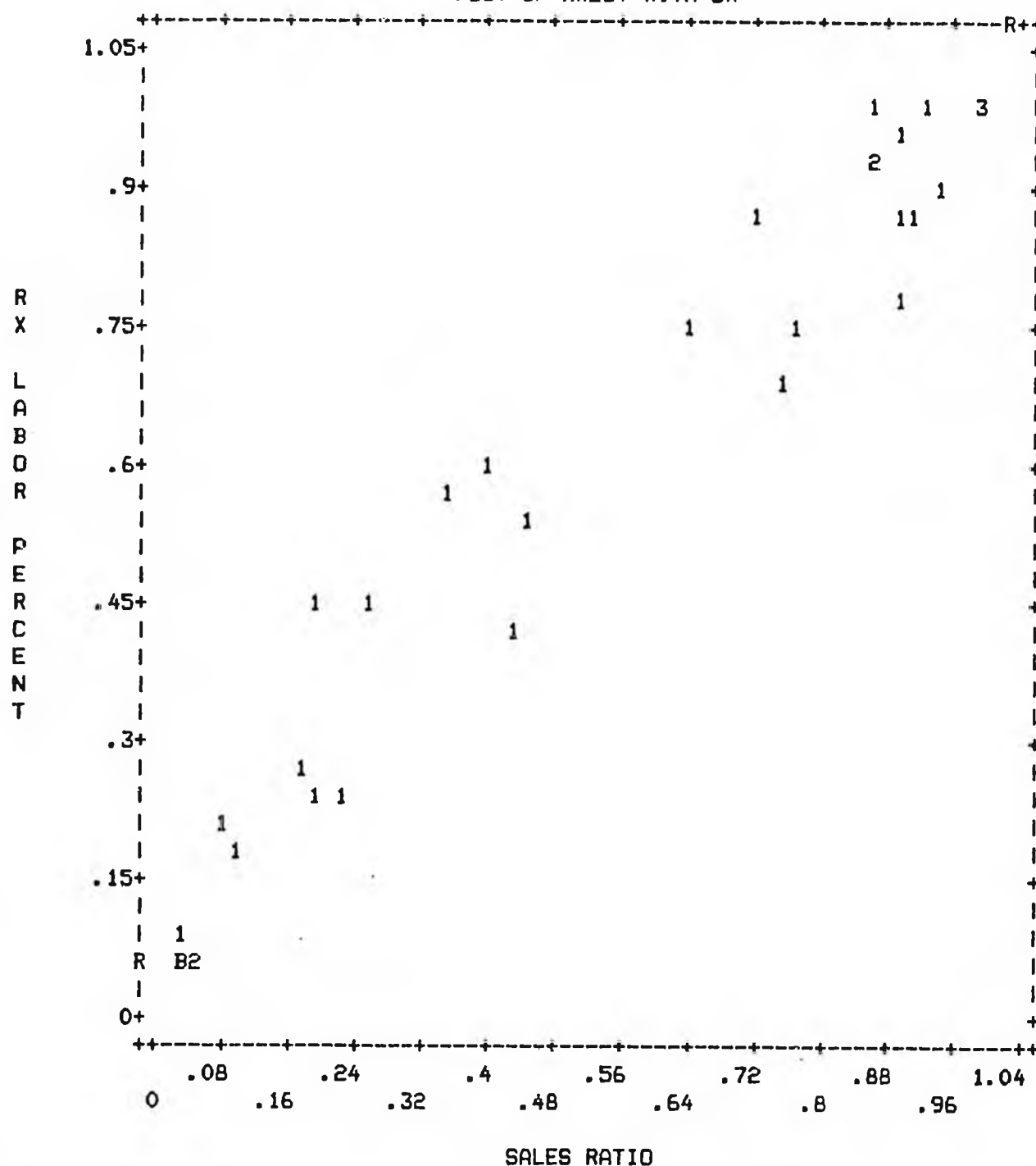


40 cases plotted. Regression statistics of RXLST on SR:

Correlation .94310 R Squared .88944 S.E. of Est .02789 2-tailed Sig. .0000  
Intercept(S.E.) .00517( .00652) Slope(S.E.) .20509( .01179)

Variable	Mean	Std Dev	Minimum	Maximum	N
RXLST	.09	.08	.01	.32	40
SR	.41	.38	.029	1.000	40

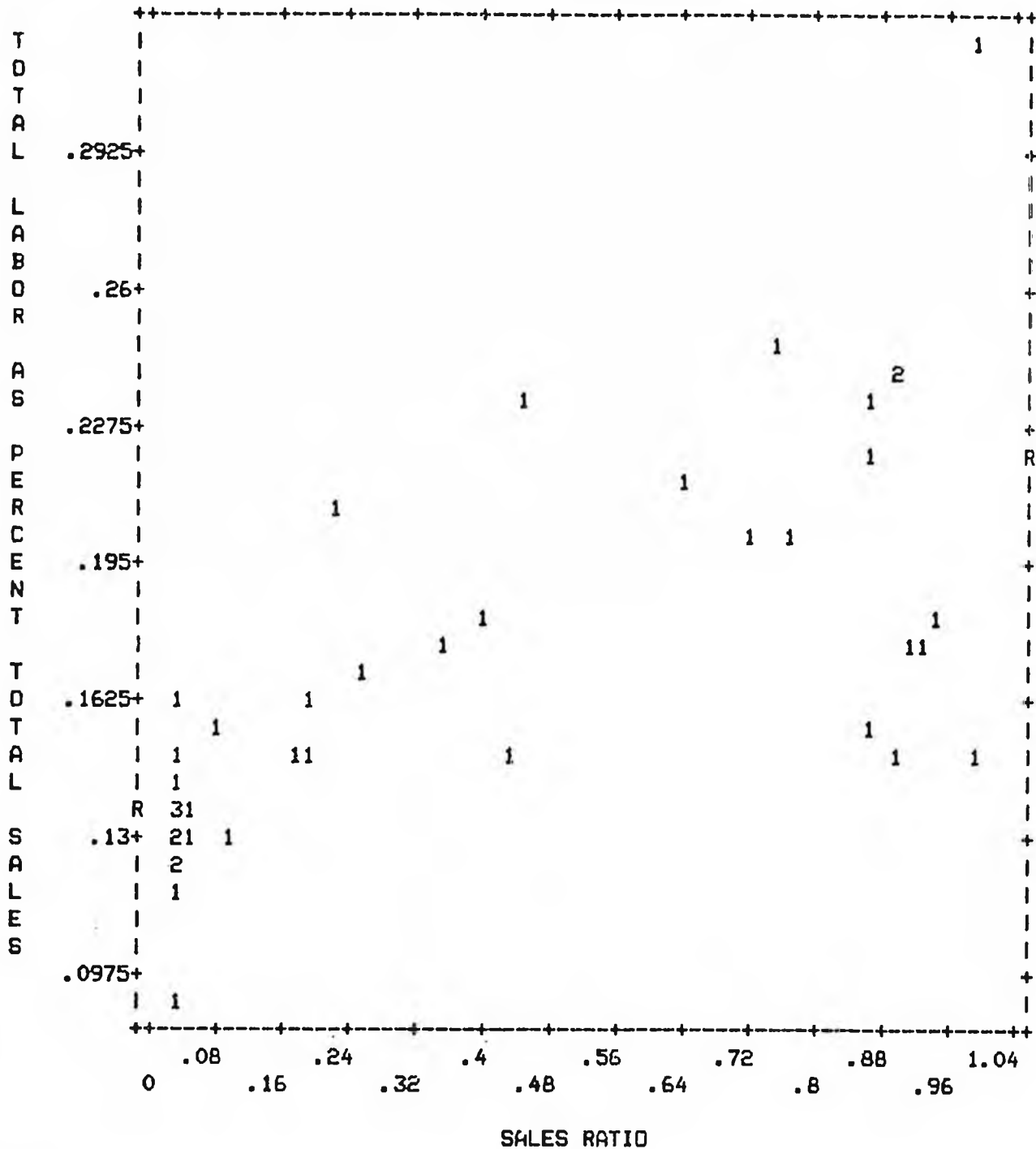
EXHIBIT 3-F  
PLOT OF RXLLT WITH SR



41 cases plotted. Regression statistics of RXLLT on SR:  
 Correlation .97808 R Squared .95665 S.E. of Est .07998 2-tailed Sig. .0000  
 Intercept(S.E.) .06359( .01864) Slope(S.E.) .96252( .03281)

Variable	Mean	Std Dev	Minimum	Maximum	N
RXLLT	.47	.38	.045	1.000	41
SR	.42	.39	.029	1.000	41

EXHIBIT 3-G  
PLOT OF LTST WITH SR

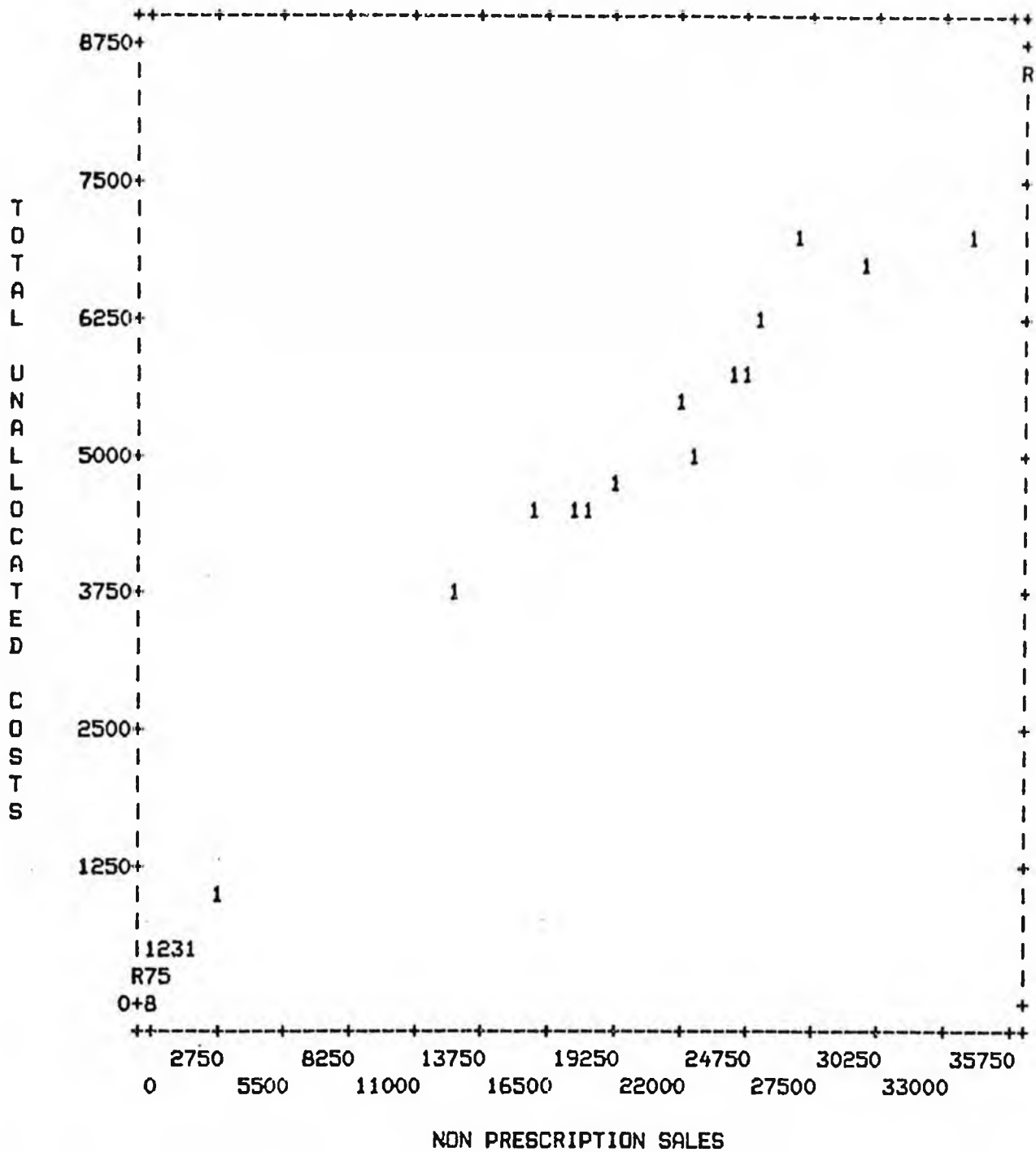


40 cases plotted. Regression statistics of LTST on SR:

Correlation .68678 R Squared .47167 S.E. of Est .03378 2-tailed Sig. .0000  
Intercept(S.E.) .13699( .00790) Slope(S.E.) .08315( .01428)

Variable	Mean	Std Dev	Minimum	Maximum	N
LTST	.17	.05	.09	.32	40
SR	.41	.38	.029	1.000	40

EXHIBIT 3-H  
PLOT OF TOTEXP WITH NONRXSAL

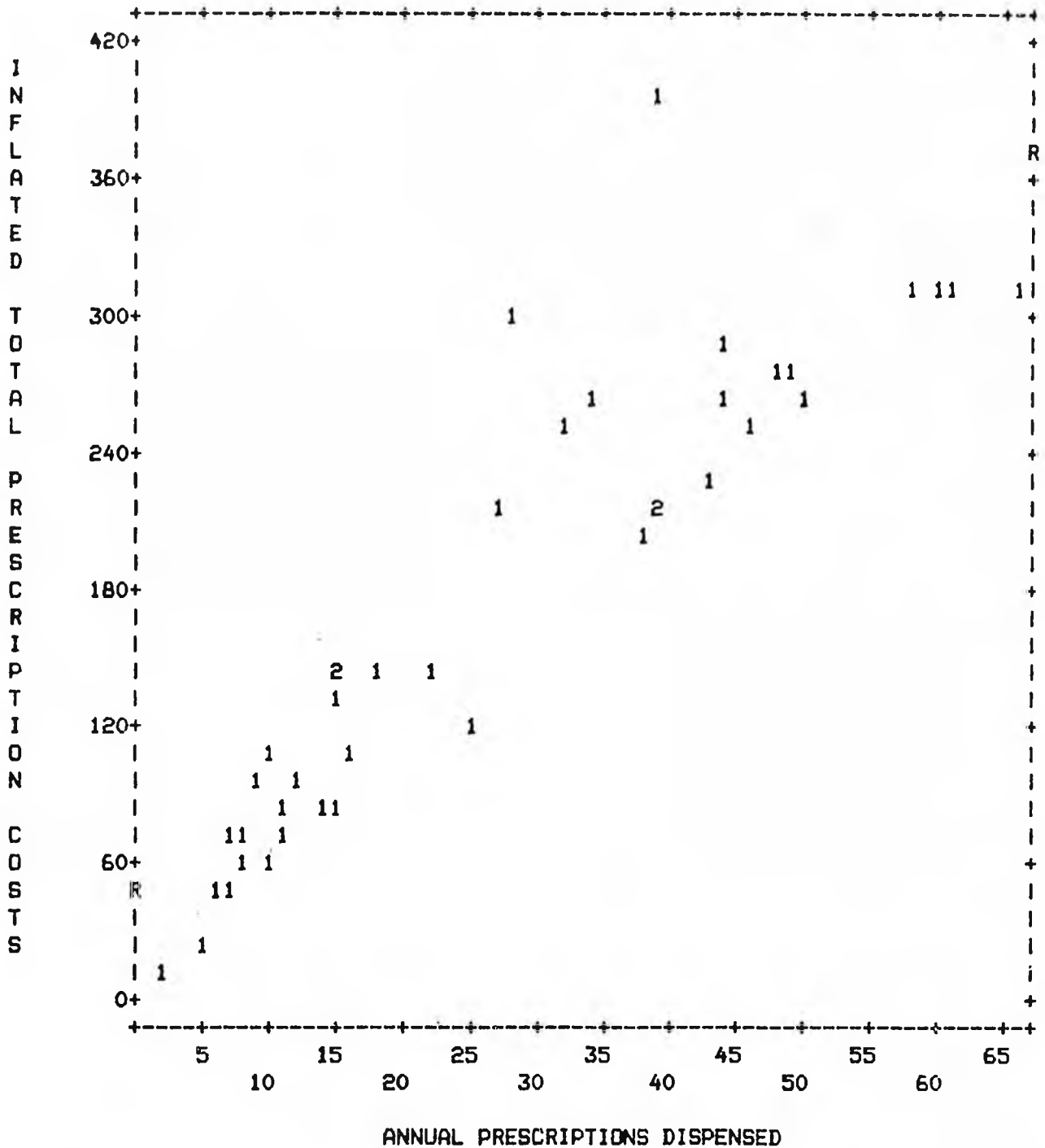


41 cases plotted. Regression statistics of TOTEXP on NONRXSAL:

Correlation .99414 R Squared .98832 S.E. of Est 274.96086 2-tailed Sig. .0000  
Intercept (S.E.) 217.34023 ( 52.23009) Slope (S.E.) .22875 ( .00398)

Variable	Mean	Std Dev	Minimum	Maximum	N
TOTEXP	1925.60	2512.58	27.40	7089.51	41
NONRXSAL	7467.96	10919.88	.000	33904.560	41

EXHIBIT 3-1  
PLOT OF INTRXC WIYH TOTRXVOL



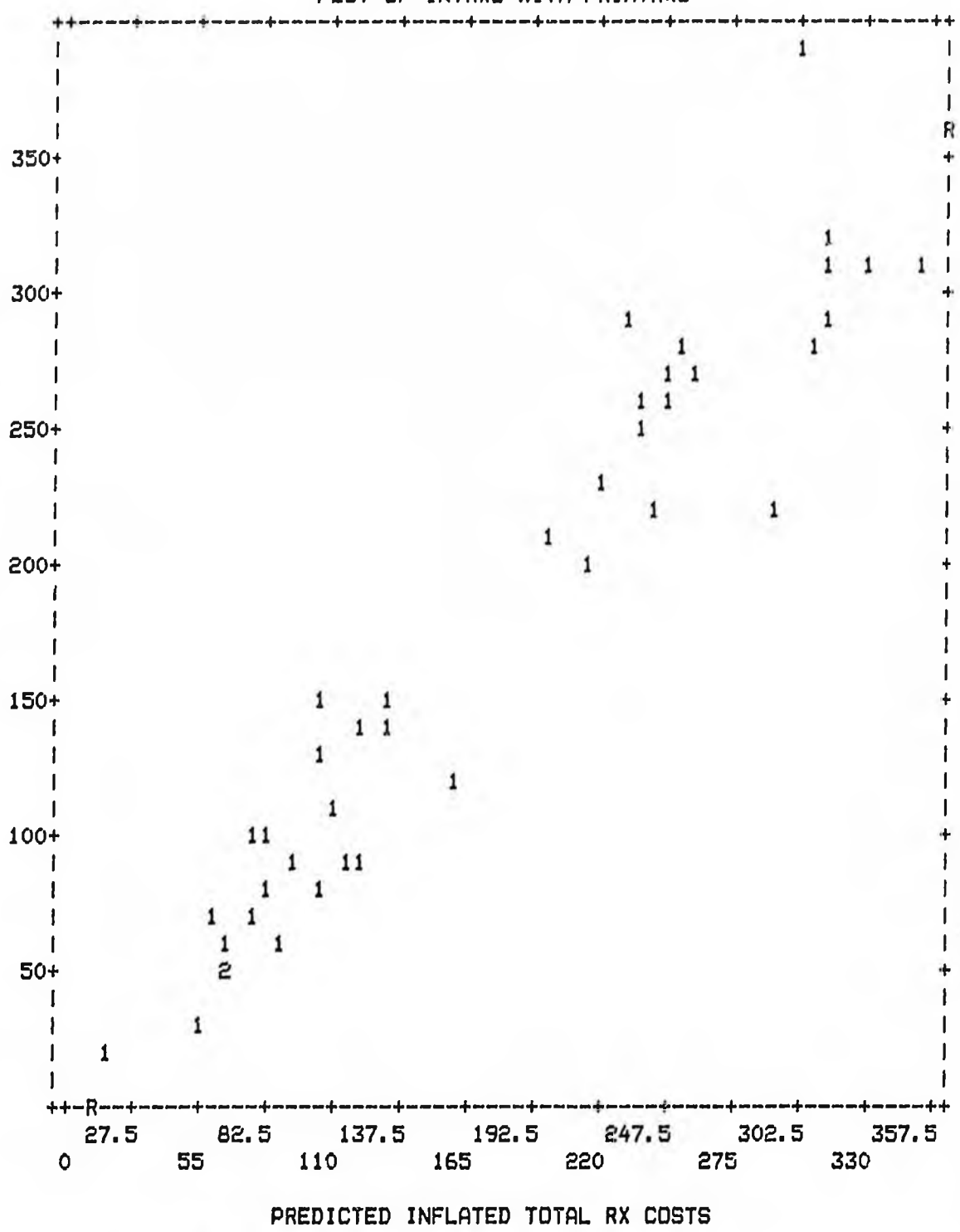
41 cases plotted. Regression statistics of INTRXC on TOTRXVOL:

Correlation .91568 R Squared .83848 S.E. of Est 41.16628 2-tailed Sig. .0000  
Intercept(S.E.) 38.97950( 11.46271) Slope(S.E.) 5.01066( .35216)

Variable	Mean	Std Dev	Minimum	Maximum	N
INTRXC	174.01	101.14	15.907	392.468	41
TOTRXVOL	26.95	18.48	1.504	65.704	41

EXHIBIT 3 - J  
 PLOT OF INTRXC WITH PRINTRXC

INFLATED TOTAL RX COSTS



41 cases plotted. Regression statistics of INTRXC on PRINTRXC:

Correlation .95593 R Squared .91380 S.E. of Est 30.07339 2-tailed Sig .0000  
 Intercept (S.E.) .00000 ( 9.76207) Slope (S.E.) 1.00000 ( .04918)

Variable	Mean	Std Dev	Minimum	Maximum	N
INTRXC	174.01	101.14	15.90700	392.46800	41
PRINTRXC	174.01	96.68	19.12829	351.54565	41



EXHIBIT 5

ALASKA PHARMACIES

Regression Summary  
 Dependent Variable: Selling Price

<u>Step Number</u>	<u>Independent Variable Entered</u>	<u>Code</u>	<u>Coefficient</u>	<u>F to Enter</u>
0		Y-INTERCEPT	2.262	
1		95% AWP	1.214	12,880.403
2		RURAL	2.614	34.163
3		INDEPENDENT	1.977	23.347

Prepared without audit by Myers and Stauffer, Chartered,  
 Certified Public Accountants, Topeka, Kansas.

Source: Regression Analysis. Schedule F, dated December 12,  
 1988.

EXHIBIT 6

ALASKA PHARMACIES

List of Regression Variables

Independent Variables

1. ASSIGN - Assigned number.
2. INDIV - Individual proprietorship.
3. PARTN - Partnership.
4. CORP - Corporation.
5. SEPDOWN - Separate or downtown location.
6. SHOPCTR - Located in a shopping center.
7. MOBLDG - Located in a Medical Office Building.
8. INDEP - Independent with 1-4 units.
9. CHAIN1 - Chain organization with 5 to 14 units.
10. LESS1YR - A pharmacy has operated at this location for less than a year.
11. YR1TO2 - A pharmacy has operated at this location 1 - 2 years.
12. RENT - Rents building.
13. COMPPER - Percent of total prescriptions that are compounded.
14. UNIDOS - Dispenses unit dose prescriptions.
15. HR24EM - Provides 24-hour emergency service.
16. HRSOPEN - Hours open per week.
17. PAR3PER - Percent of total prescriptions which are third party
18. TOTRXVOL - Total prescriptions dispensed by pharmacy during its fiscal year.\*
19. PATPROF - Maintains patient profiles.
20. DELPER - Percentage of total prescriptions that were delivered.
21. SR - Prescription sales divided by total sales.
22. PEROWNRX - Percent of total prescriptions filled by owner pharmacists.
23. TOTAREA - Total store area.\*
24. TPN - Provides intravenous antibiotic therapy/total parenteral nutrition and/or enteral nutrition services.
25. TOTSALES - Total sales reported by store.\*
26. RXFRT - Total Rx freight costs reported.\*
27. NONRXSAL - Nonprescription sales.\*
28. AREARAT - Prescription area divided by total area multiplied by 1.5, not to exceed variable 21.
29. UNMODAR - Prescription area divided by total area.
30. MEDVOL - Number of claims paid by Alaska DHS in fiscal year ended 6-30-88.\*
31. RURAL - Pharmacy is located in rural area.
32. RXSLT - Prescription sales divided by preallocated labor.
33. RXLRXS - Allocated prescription labor divided by prescription sales.

## EXHIBIT 6

### ALASKA PHARMACIES

#### List of Regression Variables

##### Independent Variables

- 53. AVEAC - Average estimated acquisition cost (AWP) of non-FAC drugs from usual and customary survey.
- 58. RECIPVOL - Reciprocal of prescription volume.
- 61. MEDPER - Percentage of total prescriptions that are Medicaid.
- 62. LNRXVOL - Logarithm of the number of total prescriptions filled during the fiscal year.
- 63. LNMEDVOL - Logarithm of the number of Medicaid prescriptions.
- 64. LNAREA - Logarithm of total area.
- 70. SLXEMPRX - Nonlinear transformation of unallocated expenses.
- 65. NONMED - Total prescription volume minus Medicaid volume.\*
- 66. RECIPMED - Reciprocal of Medicaid volume.
- 67. RECIPNON - Reciprocal of variable 65.

##### Dependent Variables

- 34. RXLLT - Allocated prescription labor divided by preallocated labor.
- 35. TCPERRX - Total cost per prescription.
- 36. OHPERRX - Overhead cost per prescription.
- 37. LABPERRX - Labor cost per prescription.
- 38. TRXCOSTS - Total prescription costs.\*
- 39. INTCRX - Total inflated costs divided by the number of prescriptions.
- 40. SPPERRX - Prescription sales divided by total prescriptions.
- 41. TOTLAB - Total labor costs allocated.\*
- 42. TOTOH - Total overhead costs allocated.\*
- 43. PREALLAB - Allocated labor cost divided by percent of time worked in prescription department.\*
- 44. UNALLOH - Overhead costs reported by pharmacy.\*
- 45. UNALLAB - Labor cost reported by pharmacy.\*
- 46. UNEMPLAB - Employee labor reported by pharmacy.\*
- 51. INTRXC - Inflated total prescription costs.\*
- 52. GMPER - Sales minus cost of goods sold divided by sales.
- 54. AVGM - Average gross margin for non-FAC drugs from usual and customary survey.
- 55. AVESP - Average selling price for non-FAC drugs from usual and customary survey.
- 56. TOTEXP - Total expenses reported by pharmacy.\*
- 57. LNNTC - Logarithm of total prescription costs.

EXHIBIT 6

ALASKA PHARMACIES

List of Regression Variables

Dependent Variables

- 59. RXLST - Allocated prescription labor divided by total sales.
- 60. LTST - Preallocated labor divided by total sales.
- 67. MODRAT - \$1.75 divided by the sum of total dispensing cost per prescription plus 0.10.
- 68. MODTCRX - Log of (variable 67 divided by 1 minus variable 67).
- 70. OHFERAR - Unallocated overhead per square feet.
- 72. PREDTC - Predicted total dispensing cost per prescription.
- 73. PREDCOST - Predicted total prescription dispensing costs.
- 74. PRINTRXC - Predicted inflated total prescription dispensing costs.
- 75. PRINTCRX - Predicted inflated total prescription dispensing costs divided by total prescription volume.

\*In the regression, these variables are in thousands.

Correlation Matrix

Correlations:	INDIV	PARTN	CORP	SEPDOWN	SHOPCTR	MOBLDG	LESSIYR	YR1TO2	RENT	COMPPE
INDIV	1.0000	-.0534	-.8819**	-.3015	.0000	.3273	.4804**	.3059	-.1567	-.1786
PARTN	-.0534	1.0000	-.4237*	-.1448	-.0925	.2446	-.0256	-.0367	.0534	.0408
CORP	-.8819**	-.4237*	1.0000	.3419	.0436	-.4124*	-.4237*	-.2601	.1260	.1428
SEPDOWN	-.3015	-.1448	.3419	1.0000	-.5222**	-.5922**	-.1448	-.2075	.1340	-.1227
SHOPCTR	.0000	-.0925	.0436	-.5222**	1.0000	-.3780*	-.0925	.1325	.1925	-.0761
MOBLDG	.3273	.2446	-.4124*	-.5922**	-.3780*	1.0000	.2446	.1001	-.3273	.2051
LESSIYR	.4804**	-.0256	-.4237*	-.1448	-.0925	.2446	1.0000	-.0367	.0534	-.0717
YR1TO2	.3059	-.0367	-.2601	-.2075	.1325	.1001	-.0367	1.0000	.0765	-.1028
RENT	-.1567	.0534	.1260	.1340	.1925	-.3273	.0534	.0765	1.0000	.1493
COMPPE	-.1786	.0408	.1428	-.1227	-.0761	.2051	-.0717	-.1028	.1493	1.0000
UN1DOS	-.0187	-.0986	.0635	.1182	-.0970	-.0367	-.0986	-.1413	-.3546	.0192
HR24EM	-.0680	.1307	.0000	.0205	.0000	-.0223	.1307	-.0468	.0680	.2403
HRSOPEN	-.3139	-.0782	.3217	-.0143	.4850**	-.4427*	-.0923	-.1272	.2807	-.1599
PAR3PER	.3163	.1482	-.3569	-.0144	-.2260	.2292	-.0140	-.1046	-.5235**	-.2010
TOTRXVOL	-.3579	.0581	.2972	-.1288	.3212	-.1637	-.1790	-.2144	.2724	-.0643
PATPROF										
DELPER	-.0649	-.0842	.0987	.0713	-.0064	-.0714	.0806	-.0363	.0404	.0655
SR	.3760**	.2168	-.4435*	-.4372*	-.2937	.7522**	.1807	.0798	-.2113	.4152*
PEROWNRX	.5021**	-.0233	-.4444*	-.0696	-.1380	.2060	.2513	.1662	-.1112	.1829
TOTAREA	-.2442	-.1237	.2799	.1216	.3667*	-.4785**	-.1198	-.1483	.2052	-.3314
TPN	-.1260	-.0605	.1429	-.1899	-.0436	.2474	-.0605	-.0867	-.3780*	.1760
TOTSALES	-.2367	-.1044	.2640	.0698	.3862*	-.4407*	-.1139	-.1522	.2249	-.3136
RXFRT	-.0285	-.1039	.0749	-.3054	-.2222	.5415**	.0179	-.1489	-.0841	.4929**
NONRXSAL	-.2311	-.1108	.2619	.0789	.3859*	-.4502*	-.1111	-.1486	.2228	-.3217
AREARAT	.2863	.2710	-.3876*	-.3932*	-.3655	.7722**	.2333	.0115	-.3134	.4510*
UNMODAR	.2936	.3258	-.4202*	-.3300	-.3551	.6938**	.3258	-.0323	-.2988	.4479*
MEDVOL	-.0540	.1523	-.0229	-.3171	.1028	.2471	-.1517	.1009	.0969	.0419
RURAL	-.1535	-.0737	.1741	.3769*	-.1140	-.3015	-.0737	-.1057	-.0658	.0942
RXSLT	.4883**	.2428	-.5576**	-.5421**	-.2608	.8349**	.2852	.1314	-.2253	.3197
RXLRXS	-.0818	-.0427	.0944	.2071	-.0938	-.1361	-.0431	-.0075	.0662	.1514
RXLLT	.3838*	.1860	-.4359*	-.4010*	-.3254	.7428**	.2225	.1492	-.2071	.3966*
TCPERRX	-.0044	.0584	-.0236	.0684	-.3010	.2102	.0339	.0018	-.3871*	.1614
QHPERRX	.1869	.1251	-.2286	-.0387	-.2750	.3019	.1529	-.0302	-.5743**	.0943
LBPERRX	-.2070	-.0383	.2059	.1531	-.1975	.0204	-.1080	.0353	-.0181	.1628
TRXCOSTS	-.4082*	.1457	.3015	-.2083	.2317	.0073	-.2005	-.2186	.2013	.1124
INTCRX	-.0096	.0579	-.0186	.0615	-.3082	.2244	.0239	.0013	-.3926*	.1689
SPPERRX	.0923	.1510	-.1550	-.3387	-.0755	.4390*	.0970	-.0701	-.1987	.0716
TOTLAB	-.4337*	.0770	.3571	-.1584	.2685	-.0818	-.2180	-.2163	.2553	.0514
TOTOH	-.3289	.2597	.1758	-.2829	.1457	.1694	-.1526	-.2052	.0866	.2148
PREALLAB	-.2461	-.1051	.2728	.0759	.3835*	-.4448*	-.1191	-.1576	.2327	-.3140
UNALLDH	-.2489	-.1057	.2757	.1053	.3625	-.4569*	-.1193	-.1547	.2217	-.3187
UNALLAB	-.2525	-.1000	.2762	.0772	.3857*	-.4483*	-.1221	-.1577	.2381	-.3108
UNEMPLAB	-.2439	-.1057	.2711	.0784	.3811*	-.4452*	-.1177	-.1552	.2273	-.3197
INTRXC	-.4070*	.1446	.3009	-.2105	.2268	.0142	-.2008	-.2176	.1996	.1198
EMPER	.0216	.1795	-.1043	.0022	-.1216	.1125	-.0570	.1713	.0849	.5569**
AVEAC	-.1130	.1953	.0104	-.0791	-.0361	.1199	-.1389	-.0829	.0838	.0439
AVEN	.2434	.1476	-.2904	.0226	-.1317	.0999	.1460	.1440	-.0667	.3506
AVESP	.0767	.2339	-.1800	-.0416	-.1105	.1496	-.0045	.0340	.0165	.2573
TOTEXP	-.2512	-.1025	.2762	.0893	.3761*	-.4523*	-.1210	-.1565	.2313	-.3144
LNTC	-.4716*	.1389	.3622	-.1842	.2472	-.0336	-.2253	-.2630	.3043	.1031
RECIPVOL	.2282	-.0725	-.1728	.1949	-.2128	-.0106	.1197	.1314	-.4909**	-.1006
RXLST	.0007	.0038	-.0024	.1053	-.1448	.0224	-.0023	-.0195	.0112	.2280
LTST	-.0452	-.0202	.0505	.1599	-.1118	-.0679	-.0326	-.0401	.0475	.1901
MEDPER	.5160**	.0060	-.4709*	-.2141	-.1264	.3519	-.0090	.6588**	-.0558	-.0522
LNRXVOL	-.4111*	.0978	.3267	-.1783	.3084	-.0979	-.2125	-.2310	.3739*	.0414
UNMEDVOL	-.0675	.1619	-.0152	-.3859*	.1390	.2876	-.1735	.0579	.1794	.0700
LNAREA	-.3155	-.2458	.4023*	.2248	.3914*	-.6140**	-.1727	-.1278	.1917	-.4041*
NONMED	-.3775*	.0421	.3226	-.0959	.3315	-.2091	-.1720	-.2439	.2798	-.0747
RECIPMED	.0059	-.0999	.0418	.3474	-.1512	-.2342	.0993	-.0382	-.3743*	-.0962
RECINON	-.1540	-.0396	.1584	.2587	-.1114	-.1756	.1197	-.4069*	-.4658*	-.0330
MODRAT	-.0071	-.0960	.0517	-.0567	.3339	-.2539	-.0739	-.0107	.3521	-.1665
MODCRX	-.0039	-.0858	.0440	-.0598	.3255	-.2426	-.0627	-.0084	.3638	-.1656
SLXEMPRX	-.2798	.0506	.2299	.3011	-.0632	-.2672	-.0968	-.1301	-.0407	.0372
QHPERRR	-.1628	.4640*	-.0713	.0063	-.1223	.1088	-.0653	-.1117	.0565	.0755

N of cases: 40 1-tailed Signif: \* - .01 \*\* - .001

" ." is printed if a coefficient cannot be computed

Correlations:	UNIDOS	HR24EM	HRSDPEN	PAR3PER	TOTRXVOL	PATPROF	DELPER	SR	PEROMNRX	TOTAREA
INDIV	-.0187	-.0680	-.3139	.3163	-.3579	.	-.0649	.3760*	.5021**	-.2442
PARTN	-.0986	.1307	-.0782	.1482	.0581	.	-.0842	.2168	-.0233	-.1237
CORP	.0635	.0000	.3217	-.3569	.2972	.	.0987	-.4435*	-.4444*	.2799
SEPDOWN	.1182	.0205	-.0143	-.0144	-.1288	.	.0713	-.4372*	-.0696	.1216
SHOPCTR	-.0970	.0000	.4850**	-.2260	.3212	.	-.0064	-.2937	-.1380	.3667*
MOBLDS	-.0367	-.0223	-.4427*	.2292	-.1637	.	-.0714	.7522**	.2060	-.4785**
LESS1YR	-.0986	.1307	-.0923	-.0140	-.1790	.	.0806	.1807	.2513	-.1198
YR1TO2	-.1413	-.0468	-.1272	-.1046	-.2144	.	-.0363	.0798	.1662	-.1483
RENT	-.3546	.0680	.2807	-.5235**	.2724	.	.0404	-.2113	-.1112	.2052
COMPPE	.0192	.2403	-.1599	-.2010	-.0643	.	.0655	.4152*	.1829	-.3314
UNIDOS	1.0000	.3886*	-.2312	.2865	-.1531	.	.3596	.2002	-.0360	-.1726
HR24EM	.3886*	1.0000	-.1369	-.0931	-.3128	.	.3242	.2048	.2914	-.4155*
HRSDPEN	-.2312	-.1369	1.0000	-.2430	.6843**	.	-.0012	-.6260**	-.4322*	.7144**
PAR3PER	.2865	-.0931	-.2430	1.0000	-.1516	.	-.0433	.1622	.0609	-.0487
TOTRXVOL	-.1531	-.3128	.6843**	-.1516	1.0000	.	.1159	-.4424*	-.6147**	.7730**
PATPROF	.	.	.	.	.	1.0000	.	.	.	.
DELPER	.3596	.3242	-.0012	-.0433	.1159	.	1.0000	-.0908	.1049	.1265
SR	.2002	.2048	-.6260**	.1622	-.4424*	.	-.0908	1.0000	.4560*	-.7329**
PEROMNRX	-.0360	.2914	-.4322*	.0609	-.6147**	.	.1049	.4560*	1.0000	-.5757**
TOTAREA	-.1726	-.4155*	.7144**	-.0487	.7730**	.	.1265	-.7329**	-.5757**	1.0000
TPN	.4444*	.1543	-.0473	-.0122	.1892	.	.5461**	.0651	-.2666	.0557
TOTSALES	-.1837	-.4563*	.7384**	-.1154	.8591**	.	.0823	-.6988**	-.6058**	.9132**
RXFRT	.1904	.3475	-.2412	.0199	-.0261	.	.0392	.5022**	.1745	-.4474*
NONRXSAL	-.1833	-.4595*	.7354**	-.1133	.8491**	.	.0808	-.7049**	-.6024**	.9143**
AREARAT	.2404	.1690	-.5559**	.2915	-.3146	.	-.0692	.9250**	.2937	-.6178**
UNMODAR	.2199	.1259	-.5107**	.2941	-.3093	.	-.0634	.8620**	.2707	-.5593**
MEDVOL	-.1225	-.2973	.3342	.1097	.6010**	.	.0541	-.0594	-.3619	.4262*
RURAL	.1584	.3761*	-.1753	-.0342	-.3936*	.	-.1163	-.0852	.1387	-.2660
RXSLT	-.0541	.1064	-.5334**	.1676	-.3933*	.	-.0747	.8771**	.5375**	-.6722**
RXLRS	.2698	.1434	-.2120	.0904	-.1937	.	-.0850	.2241	-.1540	-.1390
RLLT	.1500	.2291	-.6505**	.1378	-.5309**	.	-.0989	.9781**	.4752**	-.7816**
TCPERRX	.2974	.3223	-.4501*	.4261*	-.5754**	.	-.0785	.3289	.1413	-.5482**
OHPERRX	.1779	.2163	-.3609	.5713**	-.4295*	.	-.0073	.2579	.3074	-.4102*
LABPERRX	.2955	.2951	-.3491	.0850	-.4804**	.	-.1204	.2614	-.0978	-.4566*
TRXCOSTS	-.0935	-.2146	.5657**	-.0689	.9188**	.	.0948	-.2818	-.6322**	.5920**
INTRX	.2890	.3138	-.4475*	.4211*	-.5720**	.	-.0808	.3245	.1343	-.5493**
SPERRX	-.0842	.1047	-.0817	.0961	-.1234	.	-.0185	.1952	.2245	-.3067
TOTLAB	-.0911	-.2492	.6095**	-.1055	.9360**	.	.0920	-.3537	-.6660**	.6629**
TOTOH	-.0904	-.1343	.4403*	.0035	.8139**	.	.0923	-.1279	-.5197**	.4151*
PREALLAB	-.1710	-.4587*	.7270**	-.0995	.8616**	.	.1010	-.7057**	-.6201**	.9174**
UNALLOH	-.1598	-.4502*	.7147**	-.0876	.8534**	.	.1388	-.7229**	-.6160**	.9242**
UNALLAB	-.1732	-.4511*	.7304**	-.1049	.8642**	.	.1009	-.7114**	-.6241**	.9175**
UNEMPLAB	-.1683	-.4617*	.7244**	-.0955	.8573**	.	.0986	-.7072**	-.6246**	.9181**
INTRXC	-.0961	-.2147	.5625**	-.0708	.9155**	.	.0947	-.2795	-.6301**	.5873**
EMPER	.0562	.3880*	-.2775	-.2726	-.5111**	.	-.0487	.3565	.4252*	-.5890**
AVERC	-.0757	.0249	.0874	.0293	.1998	.	-.0624	-.0108	-.2536	.0767
AVSM	.3590	.5258**	-.4723*	.0370	-.6213**	.	-.0315	.4827**	.4216*	-.6360**
AVESP	.1778	.3568	-.2426	.0447	-.2589	.	-.0647	.3037	.0919	-.3558
TOTEXP	-.1676	-.4511*	.7243**	-.0976	.8603**	.	.1171	-.7169**	-.6211**	.9211**
LNTC	-.1295	-.2192	.5267**	-.1002	.8604**	.	.0324	-.2235	-.6607**	.5267**
RECIPVOL	.2383	.1915	-.3285	.2487	-.5611**	.	.0849	.0082	.4716*	-.2845
RXLST	.3026	.1702	-.3047	.1167	-.2396	.	-.0913	.4056*	-.0540	-.2549
LTST	.3015	.1563	-.2437	.1017	-.1947	.	-.0862	.3098	-.1071	-.1834
MEDPER	-.0768	-.2034	-.3166	.0975	-.2341	.	-.0481	.2791	.2645	-.1600
LNRXVOL	-.1913	-.2876	.5967**	-.2069	.9286**	.	.0495	-.2963	-.6283**	.6305**
LNMEDVOL	-.1676	-.3630	.2818	.0313	.6830**	.	.0425	.0029	-.4414*	.4381*
LNAREA	-.2185	-.3448	.7002**	-.1599	.6515**	.	.1293	-.9087**	-.5262**	.9106**
NONMED	-.1482	-.2963	.7041**	-.1776	.9942**	.	.1174	-.4676*	-.6122**	.7737**
RECIPMED	.2491	.3142	-.2156	.1206	-.5265**	.	.0646	-.1258	.4040*	-.2712
RECINON	.2714	.2962	-.0958	.2338	-.3254	.	.0976	-.1424	.2024	-.1482
MODRAT	-.2416	-.3340	.4882**	-.3853*	.6403**	.	.0645	-.3624	-.2154	.6157**
MODTCRX	-.2581	-.3319	.4790**	-.3989*	.6242**	.	.0689	-.3539	-.1951	.5980**
SLKEMPRX	.2370	.4690*	-.0813	.0235	-.3453	.	.0158	-.1892	.0717	-.2621
OHPERAR	-.0803	-.1136	.0783	.0560	.3215	.	-.0918	.0164	-.2516	-.0921

N of cases: 40 1-tailed Signifi: \* - .01 \*\* - .001

." is printed if a coefficient cannot be computed

Correlations:	TPN	TOTSALES	RXFRT	NONRXSAL	AREARAT	UNMODAR	MEDVOL	RURSL	RXSLT	RXLXYS
INDIV	-.1260	-.2367	-.0285	-.2311	.2863	.2936	-.0540	-.1535	.4883**	-.0818
PARTN	-.0605	-.1044	-.1039	-.1108	.2710	.3258	-.1523	-.0737	.2428	-.0427
CORP	.1429	.2640	.0749	.2619	-.3876*	-.4202*	-.0229	.1741	-.5576**	.0944
SEPDOWN	-.1899	.0698	-.3054	.0789	-.3932*	-.3300	-.3171	.3769*	-.5421**	.2071
SHOPCTR	-.0436	.3862*	-.2222	.3859*	-.3655	-.3551	.1028	-.1140	-.2608	-.0938
MOBLDG	.2474	-.4407*	.5415**	-.4502*	.7722**	.6938**	.2471	-.3015	.8349**	-.1361
LESS1YR	-.0605	-.1139	.0179	-.1111	.2333	.3258	-.1517	-.0737	.2852	-.0431
YR17Q2	-.0867	-.1522	-.1489	-.1486	.0115	-.0323	.1009	-.1057	.1314	-.0075
RENT	-.3780*	.2249	-.0841	.2228	-.3134	-.2988	.0969	-.0658	-.2253	.0662
COMPPEP	.1760	-.3136	.4929**	-.3217	.4510*	.4479*	.0419	.0942	.3197	.1514
UNIDOS	.4444*	-.1837	.1904	-.1833	.2404	.2199	-.1225	.1584	-.0541	.2698
HR24EM	.1543	-.4563*	.3475	-.4595*	.1690	.1259	-.2973	.3761*	.1064	.1434
HRSDPEN	-.0473	.7384**	-.2412	.7354**	-.5559**	-.5107**	.2342	-.1753	-.5334**	-.2120
PAR3PER	-.0122	-.1154	.0199	-.1133	.2915	.2941	.1097	-.0342	.1676	.0904
TOTRXVOL	.1892	.8591**	-.0261	.8491**	-.3146	-.3093	.6010**	-.3936*	-.3933*	-.1937
PATPROF										
DELPER	.5461**	.0823	.0392	.0808	-.0692	-.0634	.0541	-.1163	-.0747	-.0850
SR	.0651	-.6988**	.5022**	-.7049**	.9250**	.8620**	-.0594	-.0852	.8771**	.2241
PEROMRX	-.2666	-.6058**	.1745	-.6024**	.2937	.2707	-.3619	.1387	.5375**	-.1540
TOTAREA	.0557	.9132**	-.4474*	.9143**	-.6178**	-.5593**	.4262*	-.2660	-.6722**	-.1390
TPN	1.0000	.0582	.2471	.0522	.1632	.1377	.2825	-.1741	.0110	-.0548
TOTSALES	.0582	1.0000	-.4219*	.9998**	-.5770**	-.5130**	.3862*	-.3016	-.6433**	-.1438
RXFRT	.2471	-.4219*	1.0000	-.4355*	.4887**	.3592	.1588	-.0783	.5166**	-.1099
NONRXSAL	.0522	.9998**	-.4355*	1.0000	-.5838**	-.5179**	.3762*	-.2955	-.6508**	-.1387
AREARAT	.1632	-.5770**	.4887**	-.5838**	1.0000	.9734**	.0246	-.1230	.7946**	.2777
UNMODAR	.1377	-.5130**	.3592	-.5179**	.9734**	1.0000	-.0318	-.1050	.7403**	.3075
MEDVOL	.2825	.3862*	.1588	.3762*	.0246	-.0318	1.0000	-.4401*	-.0224	-.1605
RURSL	-.1741	-.3016	-.0783	-.2955	-.1230	-.1050	-.4401*	1.0000	-.1848	.3475
RXSLT	.0110	-.6433**	.5166**	-.6508**	.7946**	.7403**	-.0224	-.1848	1.0000	-.1760
RXLXYS	-.0548	-.1438	-.1099	-.1387	.2777	.3075	-.1605	.3475	-.1760	1.0000
RXLLT	.0600	-.7548**	.4920**	-.7594**	.8978**	.8425**	-.1392	-.0517	.8765**	.2229
TCPEP	.0904	-.5897**	.2452	-.5883**	.3674*	.3433	-.3120	.2840	.1914	.4178*
DHPERRX	.0585	-.4291*	.1703	-.4286*	.3550	.3551	-.2408	.2619	.2859	.1559
LABPERRX	.0851	-.5042**	.2184	-.5024**	.2203	.1809	-.2521	.1838	.0069	.5157**
TRXCOSTS	.3424	.6742**	.1851	.6605**	-.1350	-.1574	.6763**	-.4177*	-.2676	-.1336
INTCRX	.1058	-.5909**	.2556	-.5897**	.3643	.3372	-.3026	.2810	.1949	.3948*
SPPERRX	.0881	-.2759	.4208*	-.2847	.1093	.0501	-.0240	-.2040	.5088**	-.6765**
TOTLAB	.2975	.7265**	.1355	.7144**	-.2221	-.2432	.6728**	-.4249*	-.3575	-.1226
TOTDH	.3971*	.5245**	.2608	.5092**	.0350	.0121	.6286**	-.3711*	-.0820	-.1429
PREALLAB	.0797	.9954**	-.4194*	.9950**	-.5818**	-.5187**	.4196*	-.3083	-.6537**	-.1406
UNALLOH	.0978	.9916**	-.4322*	.9915**	-.5968**	-.5312**	.4195*	-.3009	-.6656**	-.1449
UNALLAB	.0805	.9953**	-.4155*	.9948**	-.5874**	-.5248**	.4204*	-.3061	-.6584**	-.1432
UNEMPLAB	.0810	.9953**	-.4272*	.9951**	-.5820**	-.5182**	.4175*	-.3066	-.6567**	-.1366
INTRXC	.3484	.6692**	.1919	.6555**	-.1323	-.1555	.6776**	-.4173*	-.2640	-.1370
GMPEP	-.0728	-.6073**	.2109	-.6084**	.2610	.2489	-.3320	.2603	.3484	-.0525
AVEAC	.1645	.1513	.2155	.1471	-.0125	-.0360	.2037	-.4109*	-.0596	-.0012
AVGM	-.0209	-.6558**	.2297	-.6538**	.3967*	.3835*	-.3980*	.2901	.2702	.4548*
AVESP	.1033	-.3156	.3012	-.3172	.2470	.2218	-.1120	-.1047	.1319	.2925
TOTEXP	.0879	.9945**	-.4229*	.9942**	-.5918**	-.5279**	.4204*	-.3041	-.6620**	-.1440
LNTC	.2609	.6052**	.1748	.5919**	-.1049	-.1231	.5632**	-.4203*	-.2320	-.0707
RECIPVOL	-.1414	-.3573	-.1059	-.3480	-.0050	.0102	-.3644	.4225*	.0233	.0442
RXLST	-.0330	-.2428	-.0073	-.2395	.4427*	.4601*	-.1586	.3116	.0053	.9783**
LYST	-.0404	-.1755	-.0591	-.1716	.3522	.3745*	-.1507	.3340	-.0970	.9913**
MEDPER	.0031	-.1798	-.0531	-.1769	.1721	.1141	.3685*	-.1212	.3203	-.0401
LNRXVOL	.2033	.7124**	.0789	.7004**	-.2023	-.2114	.5853**	-.4430*	-.2696	-.1698
LNMEDVOL	.3089	.4527*	.1458	.4416*	.0831	.0319	.9310**	-.5796**	.0366	-.1743
LNAREA	.0381	.8330**	-.4344*	.8357**	-.8292**	-.7843**	.2852	-.1302	-.7851**	-.2298
NONMED	.1654	.8716**	-.0494	.8622**	-.3415	-.3282	.5119**	-.3640	-.4198*	-.1867
RECIPMED	-.2081	-.3296	-.0940	-.3206	-.1449	-.1118	-.5912**	.5802**	-.1303	.0809
RECINON	-.0662	-.2134	-.0099	-.2082	-.0498	.0008	-.5003**	.3969*	-.1597	.0621
MODRAT	-.0735	.6662**	-.2506	.6649**	-.3872*	-.3659	.3285	-.2427	-.2639	-.3265
MODTCRX	-.0786	.6470**	-.2504	.6457**	-.3826*	-.3604	.3251	-.2551	-.2445	-.3528
SLXEMPRX	.0171	-.3180	.0844	-.3171	-.2387	-.2594	-.3263	.4044*	-.2463	.1214
DHPERRR	.0307	.2115	-.0169	.2047	.1129	.1512	.2019	-.1704	.0106	-.0364

N of cases: 40      1-tailed Signif: \* - .01    \*\* - .001

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Correlations:	RXLLT	TOPERRX	OMPERRX	LABPERRX	TRXCOSTS	INTCRX	SPERRX	TOTLAB	TOTOH	PREALLAB
INDIV	.3838*	-.0044	.1869	-.2070	-.4082*	-.0096	.0923	-.4337*	-.3289	-.2461
PARTN	.1860	.0584	.1251	-.0383	.1457	.0579	.1510	.0770	.2597	-.1051
CORP	-.4359*	-.0236	-.2286	.2059	.3015	-.0186	-.1550	.3571	.1758	.2728
SEPDOWN	-.4010*	.0684	-.0387	.1531	-.2083	.0615	-.3387	-.1584	-.2829	.0759
SHOCTR	-.3254	-.3010	-.2750	-.1975	.2317	-.3082	-.0755	.2685	.1457	.3835*
MOBLDG	.7428**	.2102	.3019	.0204	.0073	.2244	.4390*	-.0818	.1694	-.4448*
LESSIVR	.2225	.0339	.1529	-.1080	-.2005	.0239	.0970	-.2180	-.1526	-.1191
YR1TO2	.1492	.0018	-.0302	.0353	-.2186	.0013	-.0701	-.2163	-.2052	-.1576
RENT	-.2071	-.3871*	-.5743**	-.0181	.2013	-.3926*	-.1987	.2553	.0866	.2327
COMPPE	.3966*	.1614	.0943	.1628	.1124	.1689	.0716	.0514	.2148	-.3140
UNIDOS	.1500	.2974	.1779	.2955	-.0935	.2890	-.0842	-.0911	-.0904	-.1710
HR24EM	.2291	.3223	.2163	.2951	-.2146	.3138	.1047	-.2492	-.1343	-.4587*
HRSDPEN	-.6505**	-.4501*	-.3609	-.3491	.5657**	-.4475*	-.0817	.6095**	.4403*	.7270**
PAR3PER	.1378	.4261*	.5713**	.0850	-.0689	.4211*	.0961	-.1055	.0035	-.0995
TOTRXVOL	-.5309**	-.5754**	-.4295*	-.4804**	.9188**	-.5720**	-.1234	.9360**	.8139**	.8616**
PATPROF										
DELPER	-.0989	-.0785	-.0073	-.1204	.0948	-.0808	-.0185	.0920	.0923	.1010
SR	.9781**	.3289	.2579	.2614	-.2818	.3245	.1952	-.3537	-.1279	-.7057**
PEROWNRX	.4752**	.1413	.3074	-.0978	-.6322**	.1343	.2245	-.6660**	-.5197**	-.6201**
TOTAREX	-.7816**	-.5482**	-.4102*	-.4566*	.5920**	-.5493**	-.3067	.6629**	.4151*	.9174**
TPN	.0600	.0904	.0585	.0851	.3424	.1058	.0881	.2975	.3971*	.0797
TOTSALES	-.7548**	-.5897**	-.4291*	-.5042**	.6742**	-.5909**	-.2759	.7265**	.5245**	.9954**
RXFRT	.4920**	.2452	.1703	.2184	.1851	.2556	.4208*	.1355	.2608	-.4194*
NONRXSAL	-.7594**	-.5883**	-.4286*	-.5024**	.6605**	-.5897**	-.2847	.7144**	.5092**	.9950**
AREARAT	.8978**	.3674*	.3550	.2203	-.1350	.3643	.1093	-.2221	.0350	-.5818**
UNMODAR	.8425**	.3433	.3551	.1809	-.1574	.3372	.0501	-.2432	.0121	-.5187**
MEDVOL	-.1392	-.3120	-.2408	-.2521	.6763**	-.3026	-.0240	.6728**	.6286**	.4196*
RURAL	-.0517	.2840	.2619	.1838	-.4177*	.2810	-.2040	-.4249*	-.3711*	-.3083
RXSLT	.8765**	.1914	.2859	.0069	-.2676	.1949	.5088**	-.3575	-.0820	-.6537**
RXLXRS	.2229	.4178*	.1559	.5157**	-.1336	.3948*	-.6765**	-.1226	-.1429	-.1406
RXLLT	1.0000	.3910*	.2675	.3526	-.3586	.3876*	.2023	-.4241*	-.2102	-.7633**
TOPERRX	.3910*	1.0000	.8046**	.7727**	-.2891	.9989**	.2232	-.3553	-.1450	-.5851**
OMPERRX	.2675	.8046**	1.0000	.2449	-.2397	.8057**	.3503	-.3544	-.0110	-.4332*
LABPERRX	.3526	.7727**	.2449	1.0000	-.2159	.7692**	-.0100	-.2014	-.2251	-.4922**
TRXCOSTS	-.3586	-.2891	-.2397	-.2159	1.0000	-.2806	.0171	.9847**	.9479**	.6864**
INTCRX	.3876*	.9989**	.8057**	.7692**	-.2806	1.0000	.2425	-.3483	-.1343	-.5861**
SPERRX	.2023	.2232	.3503	-.0100	.0171	.2425	1.0000	-.0639	.1637	-.2801
TOTLAB	-.4241*	-.3553	-.3544	-.2014	.9847**	-.3483	-.0639	1.0000	.8779**	.7386**
TOTOH	-.2102	-.1450	-.0110	-.2251	.9479**	-.1343	.1637	.8779**	1.0000	.5361**
PREALLAB	-.7633**	-.5851**	-.4332*	-.4922**	.6864**	-.5860**	-.2801	.7386**	.5361**	1.0000
UNALLDH	-.7792**	-.5739**	-.4128*	-.4958**	.6795**	-.5749**	-.2797	.7303**	.5322**	.9968**
UNALLAB	-.7687**	-.5845**	-.4341*	-.4904**	.6904**	-.5853**	-.2775	.7424**	.5402**	.9998**
UNMEDLAB	-.7642**	-.5807**	-.4300*	-.4886**	.6821**	-.5817**	-.2834	.7344**	.5318**	.9999**
INTRXC	-.3553	-.2849	-.2356	-.2133	.9989**	-.2757	.0221	.9836**	.9494**	.6814**
GNPER	.3913*	.1906	.0666	.2401	-.4173*	.2023	.2500	-.4514*	-.3217	-.6200**
RYEAC	.0245	.1298	-.0533	.2689	.3127	.1343	.1449	.3128	.2873	.1461
RYEM	.5217**	.6445**	.4350*	.5874**	-.4418*	.6350**	.0187	-.4851**	-.3272	-.6635**
RYESP	.3539	.5080**	.2428	.5699**	-.0629	.5050**	.1150	-.0907	-.0070	-.3243
TOTEXP	-.7738**	-.5805**	-.4254*	-.4931**	.6863**	-.5813**	-.2787	.7378**	.5372**	.9993**
LNTC	-.2867	-.2850	-.3366	-.1056	.9417**	-.2802	-.0097	.9371**	.8746**	.6215**
RECIPVOL	.0330	.4062*	.5929**	.0295	-.5952**	.4034*	.0719	-.6101**	-.5204**	-.3722*
RXLST	.3901*	.4320*	.2029	.4885**	-.1640	.4092*	-.5922**	-.1720	-.1362	-.2427
LTST	.2914	.4080*	.1738	.4804**	-.1319	.3850*	-.6347**	-.1323	-.1207	-.1727
MEDPER	.2764	-.0658	-.0143	-.0922	-.2360	-.0643	.0186	-.2435	-.2033	-.1775
LNRXVOL	-.3716*	-.5401**	-.5251**	-.3205	.9132**	-.5360**	-.0855	.9285**	.8121**	.7247**
LNMEDVOL	-.0871	-.4344*	-.3835*	-.2993	.7406**	-.4250*	-.0240	.7335**	.6943**	.4826**
LNRARE	-.9325**	-.4819**	-.3552	-.4072*	.4768**	-.4790**	-.2164	.5498**	.3053	.8414**
NONMED	-.5520**	-.5766**	-.4294*	-.4825**	.8969**	-.5742**	-.1294	.9158**	.7905**	.8699**
RECIPMED	-.0737	.4450*	.5433**	.1458	-.5642**	.4393*	.0500	-.5652**	-.5173**	-.3493
RECINON	-.1257	.4430*	.5715**	.1125	-.3210	.4417*	.0719	-.3353	-.2690	-.2218
MODRAT	-.4373*	-.9777**	-.7657**	-.7779**	.3437	-.9790**	-.2888	.4074*	.1997	.6581**
MODTCRX	-.4255*	-.9886**	-.7807**	-.7796**	.3292	-.9892**	-.2727	.3940*	.1844	.6398**
SLKEMPRX	-.1661	.6512**	.5236**	.5036**	-.1762	.6540**	.3134	-.2166	-.0884	-.3062
OMPERRR	-.0282	.0040	.0839	-.0832	.4140*	.0063	.1114	.3425	.5114**	.2147

N of cases: 40      1-tailed Signif: \* - .01 \*\* - .001

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Correlations:	UNALLOH	UNALLAB	UNEMPLAB	INTRXC	EMPER	AVERC	AVGM	AVESP	TOTEXP	LNTC
INDIV	-.2489	-.2525	-.2439	-.4070*	.0216	-.1130	.2434	.0767	-.2512	-.4716*
PARTN	-.1057	-.1000	-.1057	.1446	.1795	.1953	.1476	.2339	-.1025	.1389
CORP	.2757	.2762	.2711	.3009	-.1043	.0104	-.2904	-.1800	.2762	.3622
SEPDOWN	.1053	.0772	.0784	-.2105	.0022	-.0791	.0226	-.0416	.0893	-.1842
SHOPCTR	.3625	.3857*	.3811*	.2268	-.1216	-.0361	-.1317	-.1105	.3761*	.2472
MOBLDG	-.4569*	-.4483*	-.4452*	.0142	.1125	.1199	.0999	.1496	-.4523*	-.0336
LESS1YR	-.1193	-.1221	-.1177	-.2008	-.0570	-.1389	.1460	-.0045	-.1210	-.2253
YR1TO2	-.1547	-.1577	-.1552	-.2176	.1713	-.0829	.1440	.0340	-.1565	-.2630
RENT	.2217	.2381	.2273	.1996	.0849	.0838	-.0667	.0165	.2313	.3043
COMPPEP	-.3187	-.3108	-.3197	.1198	.5569**	.0439	.3506	.2573	-.3144	.1031
UNIDOS	-.1598	-.1732	-.1683	-.0961	.0562	-.0757	.3590	.1778	-.1676	-.1295
HR24EM	-.4502*	-.4511*	-.4617*	-.2147	.3880*	.0249	.5258**	.3568	-.4511*	-.2192
HR50EM	.7147**	.7304**	.7244**	.5625**	-.2775	.0874	-.4723*	-.2426	.7243**	.5267**
PAR3PER	-.0876	-.1049	-.0955	-.0708	-.2726	.0293	.0370	.0447	-.0976	-.1002
TOTRXVOL	.8534**	.8642**	.8573**	.9155**	-.5111**	.1998	-.6213**	-.2589	.8603**	.8604**
PATPROF	.	.	.	.	.	.	.	.	.	.
DELPER	.1388	.1009	.0986	.0947	-.0487	-.0624	-.0315	-.0647	.1171	.0324
SR	-.7229**	-.7114**	-.7072**	-.2795	.3565	-.0108	.4827**	.3037	-.7169**	-.2235
PERDOWNX	-.6160**	-.6241**	-.6246**	-.6301**	.4252*	-.2536	.4216*	.0919	-.6211**	-.6607**
TOTAREA	.9242**	.9175**	.9181**	.5873**	-.5890**	.0767	-.6360**	-.3558	.9211**	.5267**
TPN	.0978	.0805	.0810	.3484	-.0728	.1645	-.0209	.1033	.0879	.2609
TOTSALES	.9916**	.9953**	.9953**	.6692**	-.6073**	.1513	-.6558**	-.3156	.9945**	.6052**
RXFRT	-.4322*	-.4155*	-.4272*	.1919	.2109	.2155	.2297	.3012	-.4229*	.1748
NONRXSAL	.9915**	.9948**	.9951**	.6555**	-.6084**	.1471	-.6538**	-.3172	.9942**	.5919**
AREARAT	-.5968**	-.5874**	-.5820**	-.1323	.2610	-.0125	.3967*	.2470	-.5918**	-.1049
UNMODAR	-.5312**	-.5248**	-.5182**	-.1555	.2489	-.0360	.3835*	.2218	-.5279**	-.1231
MEDVOL	.4195*	.4204*	.4175*	.6776**	-.3320	.2037	-.3980*	-.1120	.4204*	.5632**
RURAL	-.3009	-.3061	-.3066	-.4173*	.2603	-.4109*	.2901	-.1047	-.3041	-.4203*
RXSLT	-.6656**	-.6584**	-.6567**	-.2640	.3484	-.0596	.2702	.1319	-.6620**	-.2320
RXLXS	-.1449	-.1432	-.1366	-.1370	-.0525	-.0012	.4548*	.2925	-.1440	-.0707
RXLLT	-.7792**	-.7687**	-.7642**	-.3553	.3913*	.0245	.5217**	.3539	-.7738**	-.2867
TCPERRX	-.5739**	-.5845**	-.5807**	-.2849	.1906	.1238	.6445**	.5080**	-.5805**	-.2850
CHPERRX	-.4128*	-.4341*	-.4300*	-.2356	.0666	-.0533	.4350*	.2428	-.4254*	-.3366
LABPERRX	-.4958**	-.4904**	-.4886**	-.2133	.2401	.2689	.5874**	.5699**	-.4931**	-.1056
TRXCOSTS	.6795**	.6904**	.6821**	.9998**	-.4173*	.3127	-.4418*	-.0629	.6863**	.9417**
INTRCX	-.5749**	-.5853**	-.5817**	-.2757	.2023	.1343	.6350**	.5050**	-.5813**	-.2802
SPERRX	-.2797	-.2775	-.2834	.0221	.2500	.1449	.0187	.1150	-.2787	-.0097
TOTLAB	.7303**	.7424**	.7344**	.9836**	-.4514*	.3128	-.4851**	-.0907	.7378**	.9371**
TOTOH	.5322**	.5402**	.5318**	.9494**	-.3217	.2873	-.3272	-.0070	.5372**	.8746**
PREALLAB	.9968**	.9998**	.9999**	.6814**	-.6200**	.1461	-.6635**	-.3243	.9993**	.6215**
UNALLOH	1.0000	.9967**	.9969**	.6746**	-.6228**	.1412	-.6591**	-.3249	.9989**	.6092**
UNALLAB	.9967**	1.0000	.9997**	.6855**	-.6150**	.1522	-.6602**	-.3177	.9994**	.6244**
UNEMPLAB	.9969**	.9997**	1.0000	.6771**	-.6222**	.1446	-.6627**	-.3248	.9993**	.6168**
INTRXC	.6746**	.6855**	.6771**	1.0000	-.4110*	.3167	-.4385*	-.0580	.6814**	.9396**
EMPER	-.6228**	-.6150**	-.6222**	-.4110*	1.0000	-.1056	.5785**	.2982	-.6188**	-.4149*
AVE/C	.1412	.1522	.1446	.3167	-.1056	1.0000	.0868	.7662**	.1476	.2968
AVGM	-.6591**	-.6602**	-.6627**	-.4385*	.5785**	.0868	1.0000	.7067**	-.6603**	-.4741**
AVESP	-.3249	-.3177	-.3248	-.0580	.2982	.7662**	.7067**	1.0000	-.3210	-.0950
TOTEXP	.9989**	.9994**	.9993**	.6814**	-.6188**	.1476	-.6303**	-.3210	1.0000	.6184**
LNTC	.6092**	.6244**	.6168**	.9396**	-.4149*	.2968	-.4741**	-.0950	.6184**	1.0000
RECIPVOL	-.3479	-.3728*	-.3680*	-.5929**	.1985	-.2094	.4100*	.1157	-.3625	-.7870**
RXLST	-.2504	-.2464	-.2394	-.1670	.0074	-.0000	.5085**	.3279	-.2483	-.1035
LTST	-.1794	-.1760	-.1693	-.1353	-.0292	-.0062	.4741**	.3014	-.1776	-.0712
MEDPER	-.1789	-.1810	-.1749	-.2337	.0816	-.0155	.0819	.0418	-.1802	-.3659
LNRXVOL	.7105**	.7271**	.7194**	.9100**	-.4296*	.2253	-.6026**	-.2287	.7206**	.9601**
LNMEDVOL	.4739*	.4822**	.4799**	.7409**	-.3447	.2466	-.4984**	-.1464	.4790**	.7013**
LNAREA	.8535**	.8448**	.8419**	.4736*	-.5063**	.0140	-.6069**	-.3815*	.8492**	.4087*
NONMED	.8610**	.8725**	.8655**	.8932**	-.5049**	.1874	-.6145**	-.2632	.8683**	.8493**
RECIPMED	-.3274	-.3478	-.3465	-.5624**	.2019	-.2382	.4320*	.1095	-.3394	-.6841**
RECINON	-.1998	-.2202	-.2195	-.3198	.0995	-.1451	.2817	.0786	-.2117	-.3966*
MODRAT	.6455**	.6575**	.6541**	.3388	-.2710	-.0935	-.6443**	-.4820**	.6529**	.3218
MODTCRX	.6276**	.6393**	.6358**	.3245	-.2490	-.1049	-.6468**	-.4917**	.6348**	.3124
SLXEMPRX	-.2878	-.2977	-.3053	-.1733	.2704	.1144	.5057**	.4074*	-.2937	-.2103
CHPERAR	.2181	.2169	.2139	.4131*	-.1115	.2732	-.1006	.1291	.2176	.3930*

N of cases: 40      I-tailed Signif: \* - .01 \*\* - .001

. . . is printed if a coefficient cannot be computed

Correlations:	RECIPVOL	RXLST	LTST	MEDPER	LNRIXVOL	LNMEDVOL	LNAREA	NONMED	RECIPMED	RECINON
INDIV	.2282	.0007	-.0452	.5160**	-.4111*	-.0675	-.3155	-.3775*	.0059	-.1540
PARTN	-.0725	.0038	-.0202	.0060	.0978	.1619	-.2458	.0421	-.0939	-.0396
CORP	-.1728	-.0024	.0505	-.4709*	.3267	-.0152	.4023*	.3226	.0418	.1584
SEPDOWN	.1949	.1053	.1599	-.2141	-.1783	-.3859*	.2248	-.0959	.3474	.2587
SHOPCTR	-.2128	-.1448	-.1118	-.1264	.3084	.1390	.3914*	.3315	-.1512	-.1114
MOBLDG	-.0106	.0224	-.0679	.3519	-.0979	.2876	-.6140**	-.2091	-.2342	-.1756
LESS1YR	.1197	-.0023	-.0326	-.0090	-.2125	-.1735	-.1727	-.1720	.0993	.1197
YR1TO2	.1314	-.0195	-.0401	.6588**	-.2310	.0579	-.1278	-.2439	-.0382	-.4069*
RENT	-.4909**	.0112	.0475	-.0558	.3739*	.1794	.1917	.2798	-.3743*	-.4658*
COMPPEP	-.1006	.2280	.1901	-.0522	.0414	.0700	-.4041*	-.0747	-.0962	-.0330
UNIDOS	.2383	.3026	.3015	-.0768	-.1913	-.1676	-.2185	-.1482	.2491	.2714
HR24EM	.1915	.1702	.1563	-.2034	-.2876	-.3630	-.3448	-.2963	.3142	.2962
HRSOPEN	-.3285	-.3047	-.2437	-.3166	.5987**	.2818	.7002**	.7041**	-.2156	-.0958
PAR3PER	.2487	.1167	.1017	.0975	-.2069	.0313	-.1599	-.1776	.1206	.2338
TOTRXVOL	-.5611**	-.2396	-.1947	-.2341	.9286**	.6830**	.6515**	.9942**	-.5265**	-.3254
PATPROF	.	.	.	.	.	.	.	.	.	.
DELPER	.0849	-.0913	-.0862	-.0481	.0495	.0425	.1293	.1174	.0646	.0976
SR	.0082	.4056*	.3098	.2791	-.2963	.0029	-.9087**	-.4676*	-.1258	-.1424
PEROMRX	.4716*	-.0540	-.1071	.2645	-.6283**	-.4414*	-.5262**	-.6122**	.4040*	.2024
TOTAREA	-.2845	-.2549	-.1834	-.1600	.6305**	.4381*	.9106**	.7737**	-.2712	-.1482
TPN	-.1414	-.0330	-.0404	.0031	.2033	.3089	.0381	.1654	-.2081	-.0662
TOTSALES	-.3573	-.2428	-.1755	-.1798	.7124**	.4527*	.8330**	.8716**	-.3296	-.2134
RXFRT	-.1059	-.0073	-.0591	-.0531	.0789	.1458	-.4344*	-.0494	-.0940	-.0099
NONRXSAL	-.3480	-.2395	-.1716	-.1769	.7004**	.4416*	.8357**	.8622**	-.3206	-.2082
AREARAT	-.0050	.4427*	.3522	.1721	-.2023	.0831	-.8292**	-.3415	-.1449	-.0498
LNMODAR	.0102	.4601*	.3745*	.1141	-.2114	.0319	-.7843**	-.3282	-.1118	.0008
MEDVOL	-.3644	-.1586	-.1507	.3685*	.5853**	.9310**	.2852	.5119**	-.5912**	-.5003**
RURAL	.4225*	.3116	.3340	-.1212	-.4430*	-.5796**	-.1302	-.3640	.5802**	.3969*
RXSLT	.0233	.0053	-.0970	.3203	-.2696	.0366	-.7851**	-.4198*	-.1303	-.1597
RXLXRS	.0442	.9783**	.9913**	-.0401	-.1698	-.1743	-.2298	-.1867	.0809	.0621
RXLLT	.0330	.3901*	.2914	.2764	-.3716*	-.0871	-.9325**	-.5520**	-.0737	-.1257
TCPERRX	.4062*	.4320*	.4080*	-.0658	-.5401**	-.4344*	-.4819**	-.5766**	.4450*	.4430*
CHPERRX	.5929**	.2029	.1738	-.0143	-.5251**	-.3835*	-.3552	-.4294*	.5433**	.5715**
LABPERRX	.0295	.4885**	.4804**	-.0922	.3205	-.2993	-.4072*	-.4825**	.1458	.1125
TRXCOSTS	-.5952**	-.1640	-.1319	-.2360	.9132**	.7406**	.4768**	.8969**	-.5642**	-.3210
INTCRX	.4034*	.4092*	.3850*	-.0643	-.5360**	-.4250*	-.4790**	-.5742**	.4393*	.4417*
SPERRX	.0719	-.5922**	-.6347**	.0186	-.0855	-.0240	-.2164	-.1294	.0500	.0719
TOTLAB	-.6101**	-.1720	-.1323	-.2435	.9285**	.7335**	.5498**	.9158**	-.5652**	-.3353
TOTDH	-.5204**	-.1362	-.1207	-.2033	.8121**	.6943**	.3053	.7905**	-.5173**	-.2690
PREALLAB	-.3722*	-.2427	-.1727	-.1775	.7247**	.4826**	.8414**	.8659**	-.3493	-.2218
UNVALLOH	-.3479	-.2504	-.1794	-.1789	.7105**	.4739*	.8535**	.8610**	-.3274	-.1998
UNALLAB	-.3728*	-.2464	-.1760	-.1810	.7271**	.4822**	.8448**	.8725**	-.3478	-.2202
UNEMPLAB	-.3680*	-.2394	-.1693	-.1749	.7194**	.4799**	.8419**	.8655**	-.3465	-.2195
INTRXC	-.5929**	-.1670	-.1353	-.2337	.9100**	.7409**	.4736*	.8932**	-.5634**	-.3198
GMPEP	.1985	.0074	-.0292	.0816	-.4296*	-.3447	-.5063**	-.5049**	.2019	.0995
AVEAC	-.2094	-.0000	-.0062	-.0155	.2253	.2466	.0140	.1874	-.2382	-.1451
AVEM	.4100*	.5085**	.4741**	.0819	-.6026**	-.4984**	-.6069**	-.6145**	.4320*	.2817
AVESP	.1157	.3279	.3014	.0418	-.2287	-.1464	-.3815*	-.2632	.1095	.0786
TOTEXP	-.3625	-.2483	-.1776	-.1802	.7206**	.4790**	.8492**	.8683**	-.3394	-.2117
LNTC	-.7870**	-.1035	-.0712	-.3659	.9601**	.7013**	.4087*	.8493**	-.6841**	-.3536*
RECIPVOL	1.0000	.0509	.0349	.2240	-.8020**	-.6089**	-.1613	-.5542**	.9029**	.6922**
RXLST	.0509	1.0000	.9938**	.0149	-.2030	-.1554	-.3838*	-.2362	.0529	.0362
LTST	.0349	.9938**	1.0000	-.0205	-.1669	-.1518	-.2949	-.1890	.0542	.0429
MEDPER	.2240	.0149	-.0205	1.0000	-.2989	.2846	-.2227	-.3010	-.1311	-.5259**
LNRIXVOL	-.8020**	-.2030	-.1669	-.2989	1.0000	.7405**	.5051**	.9196**	-.7243**	-.4745**
LNMEDVOL	-.6089**	-.1554	-.1518	.2846	.7405**	1.0000	.2610	.6092**	-.8156**	-.6593**
LNAREA	-.1613	-.3838*	-.2949	-.2227	.5051**	.2610	1.0000	.6620**	-.0952	-.0089
NONMED	-.5542**	-.2362	-.1890	-.3010	.9196**	.6092**	.6620**	1.0000	-.4866**	-.2827
RECIPMED	.9029**	.0529	.0542	-.1311	-.7243**	-.8156**	-.0952	-.4866**	1.0000	.8305**
RECINON	.6922**	.0362	.0429	-.5259**	-.4745**	-.6593**	-.0089	-.2827	.8305**	1.0000
MODRAT	-.3861*	-.3446	-.3141	.0647	.5723**	.4429*	.5302**	.6442**	-.4262*	-.4310*
MODTRX	-.3935*	-.3698*	-.3411	.0654	.5654**	.4424*	.5183**	.6273**	-.4335*	-.4363*
SLXEMPRX	.3804*	.0712	.1070	-.2317	-.3730*	-.4780**	-.0273	.3273	.5251**	.4768**
CHPERAR	-.2194	-.0143	-.0161	-.1126	.3414	.2737	-.1251	.3184	-.2165	-.1007

N of cases: 40 1-tailed Signif: \* - .01 \*\* - .001

\* . \* is printed if a coefficient cannot be computed

Correlations: MODRAT MODTCRX SLXEMPRX OHPERAR

INDIV	-.0071	-.0039	-.2798	-.1628
PARTN	-.0960	-.0858	.0506	.4640*
CORP	.0517	.0440	.2299	-.0713
SEPDOWN	-.0567	-.0598	.3011	.0063
SHOPCTR	.3339	.3255	-.0632	-.1223
MOBLDG	-.2539	-.2426	-.2672	.1088
LESS1YR	-.0739	-.0627	-.0968	-.0653
YR1TG2	-.0107	-.0004	-.1301	-.1117
RENT	.3521	.3638	-.0407	.0565
COMPPEP	-.1665	-.1656	.0372	.0755
UNIDOS	-.2416	-.2581	.2370	-.0803
HR24EM	-.3340	-.3319	.4690*	-.1136
HRSOPEN	.4882**	.4790**	-.0813	.0783
PAR3PER	-.3853*	-.3989*	.0235	.0560
TOTRXVOL	.6403**	.6242**	-.3453	.3215
PATPROF	.	.	.	.
DELPER	.0645	.0689	.0158	-.0918
SR	-.3624	-.3539	-.1892	.0164
PEROMRX	-.2154	-.1951	.0717	-.2516
TOTAREA	.6157**	.5988**	-.2621	-.0921
TPN	-.0735	-.0786	.0171	.0307
TOTSALES	.6662**	.6470**	-.3180	.2115
RXFRT	-.2506	-.2504	.0844	-.0169
NONRXSAL	.6649**	.6457**	-.3171	.2047
AREARRAT	-.3872*	-.3826*	-.2387	.1129
UNMODAR	-.3659	-.3604	-.2594	.1512
MEDVOL	.3285	.3251	-.3263	.2019
RURAL	-.2427	-.2551	.4044*	-.1704
RXSLT	-.2639	-.2445	-.2463	.0106
RXLRXS	-.3265	-.3528	.1214	-.0364
RXLLT	-.4373*	-.4255*	-.1661	-.0282
TCPERRX	-.9777**	-.9886**	.6512**	.0040
OHPERRX	-.7657**	-.7807**	.5236**	.0839
LAPERRX	-.7779**	-.7796**	.5036**	-.0832
TRXCOSTS	.3437	.3292	-.1762	.4140*
INTCRX	-.9790**	-.9892**	.6540**	.0063
SPPERRX	-.2888	-.2727	.3134	.1114
TOTLAB	.4074*	.3940*	-.2166	.3425
TOTOH	.1997	.1844	-.0884	.5114**
PREALLAB	.6581**	.6398**	-.3062	.2147
UNALLOH	.6455**	.6276**	-.2878	.2181
UNALLAB	.6575**	.6393**	-.2977	.2169
UNEMPLAB	.6541**	.6358**	-.3053	.2139
INTRXC	.3388	.3245	-.1733	.4131*
GMPER	-.2710	-.2490	.2704	-.1115
AVEAC	-.0935	-.1049	.1144	.2732
AVGM	-.6443**	-.6468**	.5057**	-.1006
AVESP	-.4820**	-.4917**	.4074*	.1291
TOTEXP	.6529**	.6348**	-.2937	.2176
LNTC	.3218	.3124	-.2103	.3930*
RECIPVOL	-.3861*	-.3935*	.3804*	-.2194
RXLST	-.3446	-.3698*	.0712	-.0143
LTST	-.3141	-.3411	.1070	-.0161
MEDPER	.0647	.0654	-.2317	-.1126
LNRXVOL	.5723**	.5654**	-.3730*	.3414
LNMEDVOL	.4429*	.4424*	-.4780**	.2737
LNAREA	.5302**	.5183**	-.0273	-.1251
NONMED	.6442**	.6273**	-.3273	.3184
RECIPMED	-.4262*	-.4335*	.5251**	-.2165
RECINON	-.4310*	-.4363*	.4768**	-.1007
MODRAT	1.0000	.9982**	-.6326**	-.0013
MODTCRX	.9982**	1.0000	-.6412**	-.0022
SLXEMPRX	-.6326**	-.6412**	1.0000	-.0072
OHPERAR	-.0013	-.0022	-.0072	1.0000

N of cases: 40 1-tailed Signif: \* - .01 \*\* - .001

\* . \* is printed if a coefficient cannot be computed

EXHIBIT 8

ALASKA PHARMACIES

Schedule C

\*\*\*\*\*Includes FAC Drugs\*\*\*\*\*

\*\*\*\*\*Excludes FAC Drugs\*\*\*\*\*

BRND SPEC PRICING			SELLING		
CELL PRICE	DRUG COST	CROSS MARG	PRICE	DRUG COST	CROSS MARG
18.34	9.65	8.66	23.47	13.06	10.41
19.40	11.06	9.85	24.20	13.80	9.01
20.62	11.06	10.85	20.61	10.80	9.81
28.04	17.19	10.41	27.44	15.03	12.41
17.82	9.47	8.41	24.67	12.94	11.73
18.46	10.22	9.15	22.57	12.57	10.24
20.34	14.16	6.15	22.38	15.61	6.78
19.17	12.05	6.15	22.36	15.11	6.05
17.98	12.52	3.86	24.55	19.00	4.16
20.51	12.52	6.66	24.55	17.17	7.10
28.60	18.61	9.06	40.17	28.60	10.44
18.87	10.99	9.24	29.25	16.14	6.11
15.69	9.55	5.46	27.46	17.22	6.94
23.08	17.81	5.27	23.43	16.95	5.50
17.74	10.75	6.90	21.18	15.64	6.55
27.20	12.85	1.51	21.47	15.64	7.79
19.57	10.84	8.71	24.72	15.64	10.05
20.73	16.44	4.29	22.81	18.15	6.63
17.76	11.84	2.95	26.23	19.79	6.44
25.17	15.64	9.53	35.82	24.11	11.70
18.26	10.55	7.74	22.17	13.03	9.14
13.87	10.55	7.80	19.62	11.02	4.11
15.00	11.20	3.80	19.09	15.02	4.97
14.77	11.20	3.80	22.27	17.77	6.08
16.09	12.77	4.32	18.91	16.42	6.62
14.86	11.84	3.52	17.13	16.42	6.93
16.59	12.84	3.75	20.79	16.42	4.34
17.14	12.84	3.75	22.88	17.44	6.22
17.74	9.74	5.50	24.10	15.14	8.86
17.21	9.84	5.69	20.64	12.87	6.97
15.54	8.59	6.95	17.60	10.25	7.35
23.54	10.01	6.44	27.60	15.55	7.77
14.62	8.10	6.53	18.84	10.79	6.07
18.49	14.56	3.93	19.79	15.79	4.00
17.59	9.79	8.10	27.74	16.26	11.48
19.17	11.88	7.30	27.82	18.21	3.88
16.40	12.23	4.17	17.86	13.93	7.93
18.11	11.21	6.90	24.17	16.48	7.69

** MEAN VALUES :	19.2038	12.4550	6.7485	23.6005	15.9038	7.6968
** VARIANCE :	13.7493	7.1433	6.5440	21.8575	11.0164	9.0866
** STD DEV :	3.7080	2.6727	2.5583	4.6752	3.3191	3.0164
** BY TOTAL RXS:	18.6939	13.0130	5.6305	22.7851	16.3504	6.4352
** BY MED RXS :	19.2355	13.1524	6.0334	23.2094	16.4078	6.8024

\*\*\* TOTAL PHARMACIES INCLUDED : 40  
 \*\*\* TOTAL RXS INCL IN WTD MEAN : 1082363  
 \*\*\* MEDICAID RXS INCL WTD MEAN : 122086

EXHIBIT 9

ALASKA PHARMACIES

Regression Summary

Dependent Variable: Total Dispensing Costs Per Prescription

<u>Step Number</u>	<u>Independent Variable Entered</u>	<u>Code</u>	<u>Coefficient</u>	<u>F to Enter</u>
0		Y-INTERCEPT	8.184	
1		TOTRXVOL	-.055	18.926

Prepared without audit by Myers and Stauffer, Chartered,  
Certified Public Accountants, Topeka, Kansas.

Source: Regression Analysis. Schedule F, dated December 13,  
1988.

EXHIBIT 10

ALASKA PHARMACIES

Regression Summary  
Dependent Variable: Inflated Total Rx Dispensing Costs

<u>Step Number</u>	<u>Independent Variable Entered</u>	<u>Code</u>	<u>Coefficient</u>	<u>F to Enter</u>
0		Y-INTERCEPT	23,192	
1		TOTRXVOL	5.070	202.450
2		MEDVOL	12.444	15.417
3		TOTAREA	-2.103	12.320

Prepared without audit by Myers and Stauffer, Chartered,  
Certified Public Accountants, Topeka, Kansas.

Source: Regression Analysis. Schedule F, dated December 13,  
1988.





HMOR41DH  
 SCHEDULE D  
 SORTED BY:

RX C-1000 INFLATED TOTAL COST

ALASKA PHARMACY COST STUDY  
 SUMMARY OF PHARMACY COST REPORTS

	***** UNINFLATED DATA *****			***** INFLATED DATA *****		
	OVER HEAD	LABOR COST	TOTAL COST	OVER HEAD	LABOR COST	TOTAL COST
	3.70	7.33	11.03	3.86	7.64	11.50
	0.14	3.77	9.91	6.55	4.02	10.57
	5.61	3.58	9.19	6.00	3.83	9.83
	2.69	5.67	8.36	2.87	6.05	8.92
	3.26	3.77	7.03	3.48	4.02	7.50
	3.47	3.63	7.10	3.65	3.82	7.47
	1.62	4.42	6.04	1.78	4.86	6.64
	1.70	3.50	5.20	1.81	3.74	5.55
STANDARD MEAN	3.5238	4.4588	7.9825	3.7500	4.7475	8.4975
STANDARD DEV.	1.6452	1.3648	1.9930	1.7491	1.4067	2.0512
VARIANCE	2.7067	1.8627	3.9720	3.0594	1.9788	4.2074
MEAN WEIGHTED BY TOTAL RX	3.3153	4.6822	7.9980	3.5254	4.9798	8.5052
MEAN WEIGHTED BY MEDICAID	3.3640	4.4794	7.8434	3.5806	4.7697	8.3503

NUMBER OF APPLICABLE PHARMACIES  
 NUMBER OF PRESCRIPTIONS IN TOTAL RX VOL AVG  
 NUMBER OF PRESCRIPTIONS IN MEDICAID VOL AVG

3  
 51,913  
 7,668

HMOR41DH  
 SCHEDULE D  
 SORTED BY:

RX 10001-27000 INFLA TOTAL COST

ALASKA PHARMACY COST STUDY  
 SUMMARY OF PHARMACY COST REPORTS

	***** UNINFLATED DATA *****	***** INFLATED DATA *****
	OVER HEAD      LABOR COST      TOTAL CCST	OVER HEAD      LABOR COST      TOTAL COST
	4.07      5.35      9.42	4.39      5.76      10.15
	2.21      7.19      9.40	2.33      7.60      9.93
	3.04      5.84      8.88	3.30      6.36      9.66
	2.73      5.55      8.28	2.92      5.93      8.85
	2.49      5.04      7.53	2.61      5.29      7.90
	1.99      5.12      7.11	2.13      5.47      7.60
	1.80      5.16      6.96	1.92      5.52      7.44
	1.67      4.78      6.45	1.78      5.11      6.89
	1.45      4.64      6.09	1.59      5.04      6.62
	1.68      4.42      6.10	1.80      4.73      6.53
	1.41      4.69      6.10	1.51      5.01      6.52
	1.13      4.44      5.62	1.25      4.67      5.92
	1.28      4.04      5.32	1.37      4.32      5.69
	1.98      2.76      4.74	2.09      2.92      5.01
STANDARD MEAN	2.0700      4.9300      7.0000	2.2129      5.2664      7.4793
STANDARD DEV.	.7946      .9908      1.5107	.8589      1.0604      1.6315
VARIANCE	.6314      .9817      2.2822	.7377      1.1244      2.6618
MEAN WEIGHTED BY TOTAL RX	2.0486      4.8165      6.8651	2.1865      5.1401      7.3266
MEAN WEIGHTED BY MEDICAID	2.0015      4.8468      6.8482	2.1413      5.1823      7.3236
NUMBER OF APPLICABLE PHARMACIES		14
NUMBER OF PRESCRIPTIONS IN TOTAL RX VOL AVG		208,814
NUMBER OF PRESCRIPTIONS IN MEDICAID VOL AVG		16,813

HMOR41DH  
 SCHEDULE D  
 SORTED BY:

RX 27001-400CO INFLA TOTAL COST

ALASKA PHARMACY COST STUDY  
 SUMMARY OF PHARMACY COST REPORTS

	***** UNINFLATED DATA *****	***** INFLATED DATA *****	
	OVER HEAD	LABOR COST	TOTAL CCST
	OVER HEAD	LABOR COST	TOTAL COST
	4.23	5.68	9.91
	3.56	5.65	9.21
	1.84	5.55	7.39
	3.27	4.10	7.37
	3.34	3.84	7.18
	1.50	3.67	5.17
	1.76	3.39	5.15
	1.60	3.39	4.99
STANDARD MEAN	2.6375	4.4038	7.0463
STANDARD DEV.	1.0728	1.0351	1.8696
VARIANCE	1.1509	1.0714	3.4954
MEAN WEIGHTED BY TOTAL RX	2.5546	4.3578	6.9124
MEAN WEIGHTED BY MEDICAID	2.5991	4.5477	7.1468
			4.53
			3.91
			1.97
			3.49
			3.59
			1.60
			1.88
			1.71
			6.07
			6.20
			5.94
			4.38
			4.13
			3.93
			3.62
			3.63
			10.60
			10.11
			7.91
			7.87
			7.72
			5.53
			5.50
			5.34
			7.5725
			2.0452
			4.1828
			7.4323
			7.6849

NUMBER OF APPLICABLE PHARMACIES  
 NUMBER OF PRESCRIPTIONS IN TOTAL RX VOL AVG  
 NUMBER OF PRESCRIPTIONS IN MEDICAID VOL AVG

275,379  
 44,411

HMOR41DH  
 SCHEDULE D  
 SORTED BY:

RX > 4000 INFLATED TOTAL CCST

ALASKA PHARMACY COST STUDY  
 SUMMARY OF PHARMACY COST REPORTS

	***** UNINFLATED DATA *****			***** INFLATED DATA *****		
	OVER HEAD	LABOR COST	TOTAL COST	OVER HEAD	LABOR COST	TOTAL COST
	1.96	4.17	6.13	2.10	4.46	6.56
	1.68	3.92	5.60	1.80	4.19	5.99
	1.60	3.93	5.43	1.71	4.09	5.80
	1.96	3.37	5.33	2.10	3.60	5.70
	1.70	3.51	5.21	1.82	3.75	5.57
	1.42	3.63	5.05	1.52	3.88	5.40
	1.49	3.50	4.99	1.59	3.74	5.33
	1.54	3.43	4.97	1.65	3.67	5.32
	1.91	3.12	4.93	1.93	3.33	5.26
	1.55	3.28	4.83	1.65	3.51	5.16
	1.39	3.05	4.44	1.48	3.26	4.74
STANDARD MEAN	1.6455	3.5282	5.1736	1.7591	3.7709	5.5300
STANDARD DEV.	.1979	.3405	.4466	.2138	.3645	.4807
VARIANCE	.0392	.1159	.1995	.0457	.1329	.2311
MEAN WEIGHTED BY TOTAL RX	1.6360	3.4898	5.1258	1.7484	3.7299	5.4783
MEAN WEIGHTED BY MEDICAID	1.6591	3.5643	5.2235	1.7734	3.8093	5.5827

NUMBER OF APPLICABLE PHARMACIES  
 NUMBER OF PRESCRIPTIONS IN TOTAL RX VOL AVG  
 NUMBER OF PRESCRIPTIONS IN MEDICAID VOL AVG

11  
 563,769  
 47,276

MMOR410M  
 SCHEDULE 0  
 SORTED BY:

ALL DATA - TOTAL RX VOLUME

ALASKA PHARMACY COST STUDY  
 SUMMARY OF PHARMACY COST REPORTS

	***** UNINFLATED DATA *****	***** INFLATED DATA *****	
	OVER HEAD      LABOR COST      TOTAL COST	OVER HEAD      LABOR COST      TOTAL COST	
	1.39	3.05	4.44
	1.35	3.28	4.63
	1.35	3.12	4.47
	1.39	3.50	4.89
	1.54	3.43	4.97
	1.96	3.37	5.33
	1.00	3.83	4.83
	1.99	3.51	5.50
	1.66	4.17	5.83
	1.62	3.92	5.54
	1.70	3.39	5.09
	1.56	3.65	5.21
	1.33	3.39	4.72
	1.22	3.10	4.32
	1.33	3.55	4.88
	1.29	3.69	4.98
	1.29	3.76	5.05
	1.68	3.42	5.10
	1.49	3.04	4.53
	1.13	3.78	4.91
	1.13	3.44	4.57
	1.22	3.19	4.41
	1.80	3.69	5.49
	1.99	3.16	5.15
	1.99	3.04	4.03
	1.07	3.35	4.42
	1.70	3.33	5.03
	1.26	3.77	5.03
	1.69	3.67	5.36
	1.63	3.58	5.21
	1.70	4.42	6.12
	1.70	3.50	5.20
	0.14	3.77	3.91

STANDARD MEAN	2.3505	4.3602	6.7107	2.5124	4.6607	7.1732
STANDARD DEV.	1.1602	1.0807	1.7673	1.2402	1.1482	1.8839
VARIANCE	1.3461	1.1679	3.1233	1.5381	1.3184	3.5491
MEAN WEIGHTED BY TOTAL RX	2.0218	4.0129	6.0348	2.1636	4.2932	6.4568
MEAN WEIGHTED BY MEDICAID	2.1805	4.1863	6.3669	2.3368	4.4843	6.8211

NUMBER OF APPLICABLE PHARMACIES 41  
 NUMBER OF PRESCRIPTIONS IN TOTAL RX VOL AVG 1,104,880  
 NUMBER OF PRESCRIPTIONS IN MEDICAID VCL AVG 116,173

HMOR41DH  
 SCHEDULE D  
 SORTED BY: URBAN CITIES

ALASKA PHARMACY COST STUDY  
 SUMMARY OF PHARMACY COST REPORTS

	***** UNINFLATED DATA *****	***** UNINFLATED DATA *****	***** UNINFLATED DATA *****	***** INFLATED DATA *****	***** INFLATED DATA *****	***** INFLATED DATA *****
	OVER HEAD	LABOR COST	TOTAL COST	OVER HEAD	LABOR COST	TOTAL COST
	3.47	3.63	7.10	3.65	3.82	7.47
	1.60	3.39	4.99	1.71	3.63	5.34
	3.56	5.65	9.21	3.91	6.20	10.11
	1.31	3.12	4.93	1.93	3.33	5.26
	3.61	3.58	9.19	6.00	3.83	9.83
	1.26	3.77	7.03	3.48	4.02	7.50
	1.55	3.28	4.83	1.65	3.51	5.16
	3.04	5.84	8.88	3.30	6.36	9.66
	3.27	4.10	7.37	3.58	4.38	7.96
	1.45	4.64	6.09	1.58	5.04	6.62
	1.28	4.04	5.32	1.37	4.32	5.69
	1.60	3.83	5.43	1.71	4.09	5.80
	4.23	5.68	9.91	4.53	6.07	10.60
	2.73	3.55	8.28	2.92	5.93	8.85
	1.39	3.05	4.44	1.48	3.26	4.74
	1.41	4.69	6.10	1.51	5.01	6.52
	2.21	7.19	9.40	2.33	7.60	9.93
	1.80	5.16	6.96	1.92	5.22	7.14
	1.96	4.17	6.13	2.10	4.46	6.56
	1.54	3.43	4.97	1.65	3.67	5.32
	1.42	3.63	5.05	1.52	3.88	5.40
	1.68	4.42	6.10	1.80	4.73	6.53
	1.70	3.50	5.20	1.81	3.74	5.55
	1.50	3.67	5.17	1.60	3.93	5.53
	1.84	3.55	7.39	1.97	5.94	7.91
	1.49	3.50	4.99	1.59	3.74	5.33
	1.70	3.51	5.21	1.82	3.75	5.57
	1.18	4.44	5.62	1.55	4.67	6.22
	3.34	3.84	7.18	3.25	4.13	7.38
	2.69	3.67	8.36	2.87	6.05	8.92
	1.76	3.39	5.15	1.88	3.62	5.50
	2.49	3.04	7.53	2.61	3.29	5.90
	1.96	3.37	5.33	2.10	3.60	5.70
	1.63	3.92	5.60	1.80	4.19	5.99
STANDARD MEAN	2.2118	4.2718	6.4835	2.3656	4.5679	6.9335
STANDARD DEV.	.9968	.9998	1.5801	1.0696	1.0734	1.7026
VARIANCE	.9936	.9996	2.4967	1.1440	1.1522	2.8988
MEAN WEIGHTED BY TOTAL RX	1.9908	3.9757	5.9665	2.1314	4.2547	6.3862
MEAN WEIGHTED BY MEDICAID	2.1572	4.1574	6.3146	2.3127	4.4546	6.7673

NUMBER OF APPLICABLE PHARMACIES  
 NUMBER OF PRESCRIPTIONS IN TOTAL RX VOL AVG  
 NUMBER OF PRESCRIPTIONS IN MEDICAID VOL AVG

34  
 1,025,834  
 110,220

HMOR41DH  
 SCHEDULE D  
 SORTED BY: RURAL CITIES

ALASKA PHARMACY COST STUDY  
 SUMMARY OF PHARMACY COST REPORTS

	***** UNINFLATED DATA *****			***** INFLATED DATA *****		
	OVER HEAD	LABOR COST	TOTAL COST	OVER HEAD	LABOR COST	TOTAL COST
	1.62	4.42	6.04	1.78	4.86	6.64
	6.14	3.77	9.91	6.55	4.02	10.57
	1.98	2.76	4.74	2.09	2.92	5.01
	3.70	7.33	11.03	3.86	7.64	11.50
	4.07	5.35	9.42	4.39	5.76	10.15
	1.99	5.12	7.11	2.13	5.47	7.60
	1.67	4.78	6.45	1.78	5.11	6.89
STANDARD MEAN	3.0243	4.7900	7.8143	3.2257	5.1114	8.3371
STANDARD DEV.	1.6943	1.4243	2.3190	1.8018	1.4719	2.4105
VARIANCE	2.8707	2.0286	5.3778	3.2465	2.1665	5.8105
MEAN WEIGHTED BY TOTAL RX	2.4248	4.4964	6.9212	2.5815	4.7921	7.3736
MEAN WEIGHTED BY MEDICAID	2.6126	4.7218	7.3344	2.7828	5.0336	7.8164
NUMBER OF APPLICABLE PHARMACIES						
NUMBER OF PRESCRIPTIONS IN TOTAL RX VOL AVG				79,046		
NUMBER OF PRESCRIPTIONS IN MEDICAID VOL AVG				5,953		

Original sponsor: Rules/Governor

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 70 ( )  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL

6 For an Act entitled: "An Act extending the termination date of the Board  
7 of Pharmacy; relating to substitution of generic  
8 drugs that are therapeutically equivalent; relating  
9 to pharmaceutical medical assistance for needy per-  
10 sons; changing the order of priority for eliminating  
11 medical assistance coverage for certain services; and  
12 providing for an effective date."

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

14 \* Section 1. AS 08.03.010(c)(4) is amended to read:  
15 (4) Board of Pharmacy (AS 08.80.010) -- June 30, 1993  
16 [1989].

17 \* Sec. 2. AS 08.80.460(b) is repealed and reenacted to read:  
18 (b) A person who violates AS 08.80.295 is guilty of a violation.

19 \* Sec. 3. AS 47.07.030(b) is amended to read:  
20 (b) In addition to the mandatory services specified in (a) of  
21 this section, the department may offer only the following optional  
22 services: case management and nutrition services for pregnant women;  
23 personal care services in a recipient's home; emergency hospital  
24 services; long-term care noninstitutional services; medical supplies  
25 and equipment; clinic services; inpatient psychiatric facility ser-  
26 vices for individuals age 65 or older and individuals under age 21;  
27 prescribed drugs; physical therapy; occupational therapy; chiropractic  
28 services; treatment of speech, hearing, and language disorders; adult  
29 dental services; prosthetic devices and eyeglasses; optometrists'

1 services; intermediate care facility services, including intermediate  
2 care facility services for the mentally retarded; skilled nursing  
3 facility services for individuals under age 21; and reasonable trans-  
4 portation to and from the point of medical care.

5 \* Sec. 4. AS 47.07.035 is amended to read:

6 Sec. 47.07.035. PRIORITY OF MEDICAL ASSISTANCE. If the depart-  
7 ment finds that the cost of medical assistance for all persons eligi-  
8 ble under this chapter will exceed the amount allocated in the state  
9 budget for that assistance for the fiscal year, the department shall  
10 eliminate coverage for optional medical services and optionally eligi-  
11 ble groups of individuals in the following order:

- 12 (1) chiropractic services;
- 13 (2) adult dental services;
- 14 (3) emergency hospital services;
- 15 (4) treatment of speech, hearing, and language disorders;
- 16 (5) optometrists' services and eyeglasses;
- 17 (6) occupational therapy;
- 18 (7) prosthetic devices;
- 19 (8) medical supplies and equipment;
- 20 (9) clinic services;
- 21 (10) physical therapy;
- 22 (11) personal care services in a recipient's home;
- 23 (12) prescribed drugs;
- 24 (13) long-term care noninstitutional services;
- 25 (14) [(13)] inpatient psychiatric facility services;
- 26 (15) [(14)] intermediate care facility services for the men-  
tally retarded;
- (16) [(15)] intermediate care facility services;
- (17) [(16)] pregnant women, and children five years of age

1 or younger, with a household income that does not exceed 100 percent  
2 of the federal poverty level;

3 (18) [(17)] individuals under age 21 who are not eligible  
4 for benefits under the federal aid to families with dependent children  
5 program because they are not deprived of one or more of their natural  
6 or adoptive parents;

7 (19) [(18)] skilled nursing facility services for persons  
8 under age 21;

9 (20) [(19)] aged, blind, and disabled individuals who,  
10 because they do not meet the income requirements, do not receive  
11 supplemental security income under Title XVI of the Social Security  
12 Act, but who are eligible, or would be eligible if they were not in a  
13 skilled nursing facility or intermediate care facility, to receive an  
14 optional state supplementary payment;

15 (21) [(20)] individuals in a hospital, skilled nursing  
16 facility, or intermediate care facility whose income while in the  
17 facility does not exceed 300 percent of the supplemental security  
18 income benefit rate under Title XVI of the Social Security Act, but  
19 who, because of income, are not eligible for the optional state sup-  
20 plementary payment;

21 (22) [(21)] individuals under age 21 under supervision of  
22 the department, for whom maintenance is being paid in whole or in part  
23 from public money and who are in foster homes or private child-care  
24 institutions.

25 \* Sec. 5. AS 47.07 is amended by adding a new section to read:

26 Sec. 47.07.065. PAYMENT FOR PRESCRIBED DRUGS. The department  
27 shall pay for prescribed drugs under AS 47.07.030(b) under regulations  
28 adopted by the commissioner in conformity with applicable federal  
29 regulations.

1 \* Sec. 6. Section 2 of this Act takes effect January 1, 1990, unless by  
2 that date the director of the division of occupational licensing has certi-  
3 fied to the revisor of statutes that the Board of Pharmacy has adopted  
4 regulations establishing the schedule of civil fines required under AS 08.-  
5 80.460(b).

6 \* Sec. 7. Sections 1 and 3 - 5 of this Act take effect July 1, 1989.  
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**HB**

**71**

SENATE COMMITTEE REPORT

FURTHER

2/14/89

DATE TURNED INTO OFFICE 3/8/89

Mr. President:

L&C Committee considered CSHB 71 (L&C)

elevator safety standards; efd

and recommended

- replace with Senate CS SHB 71 (L+C) )  same tit
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new tit
- attached amendment(s) and  technical
- \_\_\_\_\_ letter of intent adopted  title chang
- \_\_\_\_\_ letter of intent adopted  (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

FISCAL NOTE(S)  zero  fiscal impact  appropriation no FN

new  updated  previous

same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

OTHER RECOMMENDATIONS

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]

Chairman signature and recommendation

Committee Backup attached

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: SCS CSHB 71 (L&C)  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Labor  
Title: " An Act relating to elevator  
safety standards; ... " BRU: Labor Standards & Safety  
Sponsor: Rules Committee Components: \_\_\_\_\_  
Requestor: Senate Labor & Commerce Mechanical Inspection

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Tom Stuart Phone: 254-2452  
Division: Labor Standards & Safety Date: 3/8/89

Approved by Commissioner: Jim Sampson Date: 3/8/89  
Agency: Department of Labor

Distribution (by preparer) :  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

CC  
HB 71

January 9, 1989

The Honorable Sam Cotten  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to elevator safety standards.

The bill contains two components. First, the bill updates the minimum elevator safety standards in the state, by substituting the 1987 for the 1984 edition of the code published by the American Society of Mechanical Engineers and by adding standards for opening of certain doors on passenger elevators (by deleting the present statutory exemption in AS 18.60.800(a)). Second, by substituting the 1988 inspection manual for the 1982 edition, the bill updates the inspection procedures to conform to present national standards that the Department of Labor must use to inspect elevators and escalators in the state.

Enactment of the bill will allow for increased safety to the public by recognizing advances made in the elevator industry since the prior code and inspection standards were adopted in statute. The bill includes an immediate effective date to help assure public safety. I understand that the elevator industry is already meeting the higher standards, and the immediate effective date should pose no problem. I urge your favorable consideration of, and prompt action on, this matter.

Sincerely,

A large, stylized handwritten signature of Steve Cowper in black ink.

Steve Cowper  
Governor

Section by Section  
CSHB 71 (L & C)

Section 1:

This section does two things: First, it updates the State's minimum elevator safety standards by adopting the 1987 Elevator Code published by the American Society of Mechanical Engineers. Every three years, the American Society of Mechanical Engineers revises the safety code for elevators, and the 1987 code is the latest effort in this regard. The 1984 code currently in effect is, therefore, outdated and will not be reprinted or otherwise available from the publishers.

In addition, Section 1 of the bill provides for adoption of a section of the Elevator Code which has not previously been adopted by Alaska. This section of the code permits the opening of elevator doors from inside the elevator only if the elevator is within 18 inches of the floor landing. However, the doors must be openable from outside the elevator, regardless of the elevator's distance from the landing. This restriction on the opening of the doors is designed to assure the safe exiting of passengers from elevators, and still provide for their evacuation in an emergency. Most newer elevators in the State presently have devices on them to restrict the opening of doors in this manner. However, many older elevators in use do not, and may not be of a design conducive to reasonable or practical retrofitting. Section 4 of the bill, therefore, provides for the door opening restriction to be applicable only to elevators installed after the effective date of the bill.

Section 2:

This section provides for adoption of the 1988 Elevator/Escalator Inspection Manual which is used by the Department of Labor's elevator inspectors. The 1988 manual is the latest edition and replaces the 1982 edition presently in effect.

Section 3:

This section provides for the adoption of future editions of the Elevator Code and Inspection Manual to be accomplished by the Department through the adoption of regulations pursuant to the Administrative Procedure Act.

Section 4:

Provides for the new section on opening of elevator doors to apply only to elevators installed after the effective date of the bill.

Sections 5 and 6:

Provide effective dates only. The 1987 Elevator Code and 1988 Inspection Manual would be adopted immediately, and the Department's authority to adopt future elevator and inspection standards by regulation would take effect July 1, 1989.

Prepared by the Department of Labor

# STATE OF ALASKA

## DEPARTMENT OF LABOR

### OFFICE OF THE COMMISSIONER

**STEVE COWPER, GOVERNOR**

P.O. BOX 21149  
JUNEAU, ALASKA 99802-1149  
PHONE: (907) 465-2700

FAX: (907) 465-2784

March 8, 1989

The Honorable Dick Eliason  
Chairman  
Labor and Commerce Committee  
Alaska State Senate  
P.O. Box V  
Juneau, AK 99811

Dear Senator Eliason:

As requested by your staff, following are the statistics the Department provided the House Labor and Commerce Committee on the incidence of people being stranded in elevators in the State.

There are five major elevator companies in the State which collectively have approximately 1300 elevators. Although the companies do not keep a formal record of such incidents, they estimate that last year they received 150 reports of persons being stranded in elevators.

We appreciate you interest.

Sincerely,



Eileen Plate  
Special Assistant

EP/gd

**HB**

**72**

SENATE COMMITTEE REPORT

FURTHER

4/28/89

DATE TURNED INTO OFFICE

5/4/89

Mr. President:

LABOR AND COMMERCE

Committee considered HB 72

continuing the existence of the Alasak Public Utilities Commission; efd and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

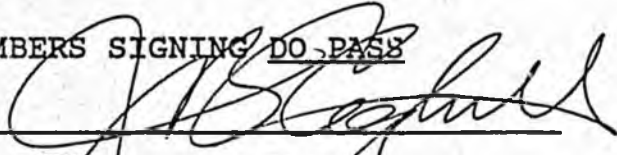
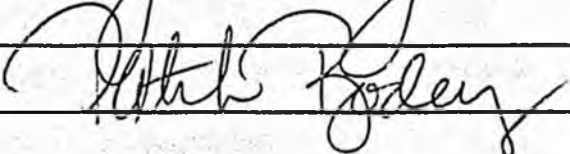
individual recommendations

further referral to \_\_\_\_\_

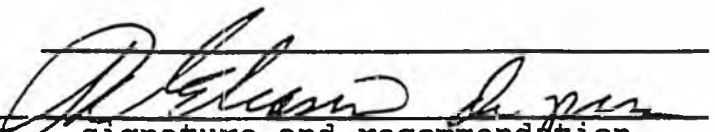
FISCAL NOTE(S)  zero  fiscal impact  appropriation no FN  
 new DC+ED 5/3/89  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

  
 \_\_\_\_\_  
  
 \_\_\_\_\_  
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 Chair signature and recommendation

Committee Backup attached

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

cc  
14B72

January 9, 1989

The Honorable Sam Cotten  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

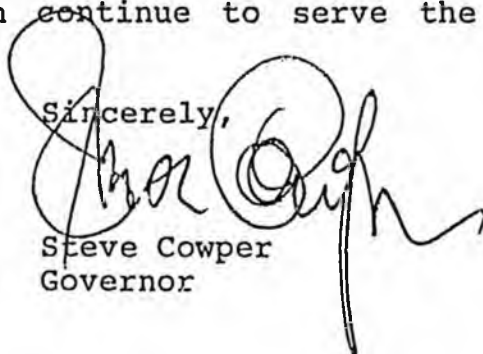
Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to continue the existence of the Alaska Public Utilities Commission for four years (AS 44.66.010(c)). Under current law, the commission is scheduled to "sunset" June 30, 1989 (AS 44.66.010(a)), and will go into its "wind-down" year under AS 44.66.010(b).

The purpose of the commission is to protect the public; its continuation is fundamental to the welfare of the people of our state. This protection involves overseeing the availability, cost, and quality of the utility services that are essential to daily life and of the pipeline services that are essential to the state's economy. Furthermore, the presence of a vigilant, competent regulatory commission is especially critical given the adverse economic conditions currently facing so many of our citizens, businesses, and public institutions.

I urge your early and favorable consideration of this bill so that the commission can continue to serve the public interest.

Sincerely,

  
Steve Cowper  
Governor

To: Senator Eliason

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 11, 1989

SUBJECT: Can HB 72 be amended without a title change  
(Continuing the APUC)

TO: Representative Dave Donley  
Chairman, House Labor and Commerce Committee

FROM: Teresa B. Cramer *TBC*  
Legislative Counsel

You have asked whether HB 72 could be amended by adding other provisions concerning the Alaska Public Utilities Commission without also amending the title.

The question arises because the state constitution requires, in art. II, sec. 13, that the subject of a bill be expressed in its title. The title of HB 72 reads:

An Act continuing the existence of the Alaska Public Utilities Commission; and providing for an effective date.

The date to which the existence of the APUC was extended could be amended, but I am unable to think of any other change to the APUC that would be permitted in this bill without amending the title.

If I may be of further assistance, please advise.

TC:kb  
wkk3/087

# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811


(907) 465-3892



April 20, 1989

## MEMORANDUM

To: House Finance Committee

From: Representative Dave Donley, Chair   
House Labor and Commerce Committee

Re: HB 72 - Continuing the APUC

Last week the House Labor and Commerce Committee passed out a "clean" version of HB 72 after a half dozen public hearings spanning a period of several months.

We did so because we believe it is in the best interest of the public to have HB 72 stand on its own and to address concerns raised in the APUC annual report and recommendations made by LB&A in separate legislation so that HB 72 would not be "held hostage" to force legislative action on public utility issues other than continuation of the APUC.

Subsequent to passage of HB 72 the House Labor and Commerce Committee introduced legislation concerning regulation and recycling of solid waste and a bill dealing with regulation of electrical utilities. We will be considering additional legislation addressing the remaining issues outlined in the reports referenced above.

The APUC is an essential state agency and its continuation is necessary for the protection of the public's health, safety and welfare. HB 72 received a unanimous "do pass" vote in the House Labor and Commerce Committee. I urge the House Finance Committee to pass the measure on to the full House with the same recommendation.

STATE OF ALASKA  
THE LEGISLATURE

POUCHY STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

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If I may be of further assistance, please advise.

TC:kb  
wkk3/087

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: HB 72  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: 5/3/89 Agency Affected: Commerce & Econ. Dev.  
Title: An Act continuing the existence BRU: APUC  
of APUC  
Sponsor: Rules Committee/Governor Components: Operations  
Requester: Senate Labor & Commerce

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

The proposed legislation referenced above continues the APUC as it is currently configured for an additional four years. Funding for the APUC is included in the department's operating budget request; therefore, new funds are not required. The FY 90 projected budget for APUC is explained on the attached page.

Prepared by: T.S. Moninski II, Executive Director Phone: 276-6222  
Division: Alaska Public Utilities Commission Date: 5/3/89

Approved by Commissioner: Larry Merculieff Phone: 465-2500  
Agency: Department of Commerce & Economic Development Date: 5/3/89

Distribution (by preparer):

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

2887D-1/050389b