

ALASKA LEGISLATURE COMMITTEE FILES 2007-2008 SL&C 12628



January 29, 2008

The Honorable Johnny Ellis, Chair
Senate Labor and Commerce Committee
Alaska State Capitol, Room 9
Juneau, AK 99801-1182

RE: SB 183 (Elton)—Support

Dear Chair Ellis:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Labor and Commerce Committee to support SB 183, authored by Senator Kim Elton and co-sponsored by Senators McGuire, Wieiechowski and you.

Lifetime financial security is a cornerstone of the American dream: if you work hard and follow the rules, you will be able to retire without financial worries. For most Alaskans, Social Security forms the base of a secure retirement and it is augmented by pensions, IRA's, 401-K's and savings. However few of our teachers or state and municipal employees participate in Social Security. Our defined benefit pensions under TRS and PERS were a stable substitute for Social Security. You cannot outlive Social Security. You cannot outlive a defined benefit pension.

Alaskans who make it to 65 have to prepare financially for a long time in retirement. Of all the women who reach age 65, 29% will also reach age 90. Eighteen percent of men who reach age 65 will also reach age 90.

Our newly hired public employees will only have the defined contribution plan. What will Alaska do with retired teachers, police officers and firefighters who outlive their contributions and have no defined benefit plan under PERS or TRS and do not participate in Social Security?

SB 183 will return to a system that will provide reasonable pension benefits that cannot be outlived.

We urge an "AYE" vote on SB 183.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Senator Gary Stevens
Senator Bettye Davis
Senator Lyman Hoffman
Senator Con Bunde

SB

187

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/16/08

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: _____

Labor and Commerce Committee considered SENATE BILL NO. 187

SB 187 ALASKA MINIMUM WAGE

"An Act increasing the minimum wage; creating an annual adjustment to the minimum wage based on the rate of inflation; and providing for an effective date."

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:
<input type="checkbox"/> Same Title
<input type="checkbox"/> New Title
<hr/>
HOUSE BILL:
<input type="checkbox"/> Same Title
<input type="checkbox"/> Technical Title Change
<input type="checkbox"/> New Title w/ SCR # _____

NEW FISCAL NOTE(S):

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indef	Zero	FN#
DOLWD	1/10/08			✓	

Department	Date	Fiscal	Indef	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	NAME	DO PASS	DO NOT PASS	NO REC	TEND
<i>[Signature]</i>	Runde		✓		
<i>[Signature]</i>	DAVIS	✓			
<i>[Signature]</i>	STEARNS		X		
<i>[Signature]</i>				X	
CHAIR: <i>[Signature]</i>	ELLIS	✓			

LEGAL SERVICES

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MEMORANDUM

December 28, 2007

SUBJECT: Sectional Analysis (Work Order No. 25-LS1018(C))

TO: ~~Senator Bill Wielechowski~~
~~Attn: Michelle Sydeman~~
Senator Joe Thomas
Senator Kim Elton

FROM: Dan Wayne *Daniel C. Wayne*
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. This section would amend AS 23.10.065(a) so that the minimum wage rate would become the greater of: (1) \$1.00 more an hour than the federal minimum wage; or (2) \$8.00 an hour effective July 1, 2008, and thereafter adjusted annually for inflation. The inflation-based rate would be calculated as follows: effective July 1, 2008 the rate would be \$8.00 an hour through December 31, 2008. No later than September 30, 2008, the Department of Labor would calculate an inflation-based rate, for calendar year 2009, of \$8.00 an hour adjusted for 100 percent of the rate of inflation based on the Anchorage Consumer Price Index. The 2009 inflation-based rate would be applied in the same way, no later than September 30, 2009, to calculate the 2010 inflation-based rate, which would become part of the 2011 inflation-based calculation, and so on. The greater of the two rates -- the inflation-based rate or the \$1.00 over minimum wage rate -- would always be the prevailing rate.

Section 2. This section establishes the bill's effective date.

DCW:med
07-452.med

Enclosure

ALASKA STATE LEGISLATURE



SENATOR BILL WIELECHOWSKI
SENATOR JOE THOMAS
SENATOR KIM ELTON

Sponsor Statement: SB 187 Raising the Minimum Wage

Alaska's cost of living is one of the highest in the nation. The cost of food, housing, utilities, transportation and health care are far greater here than in most states. Despite this, Alaska has the lowest minimum wage on the west coast. Oregon, Washington, California and Hawaii all have higher minimum wages, as do seven other states. In addition, in 2009 the federal minimum wage will increase to \$7.25, surpassing Alaska's rate of \$7.15.

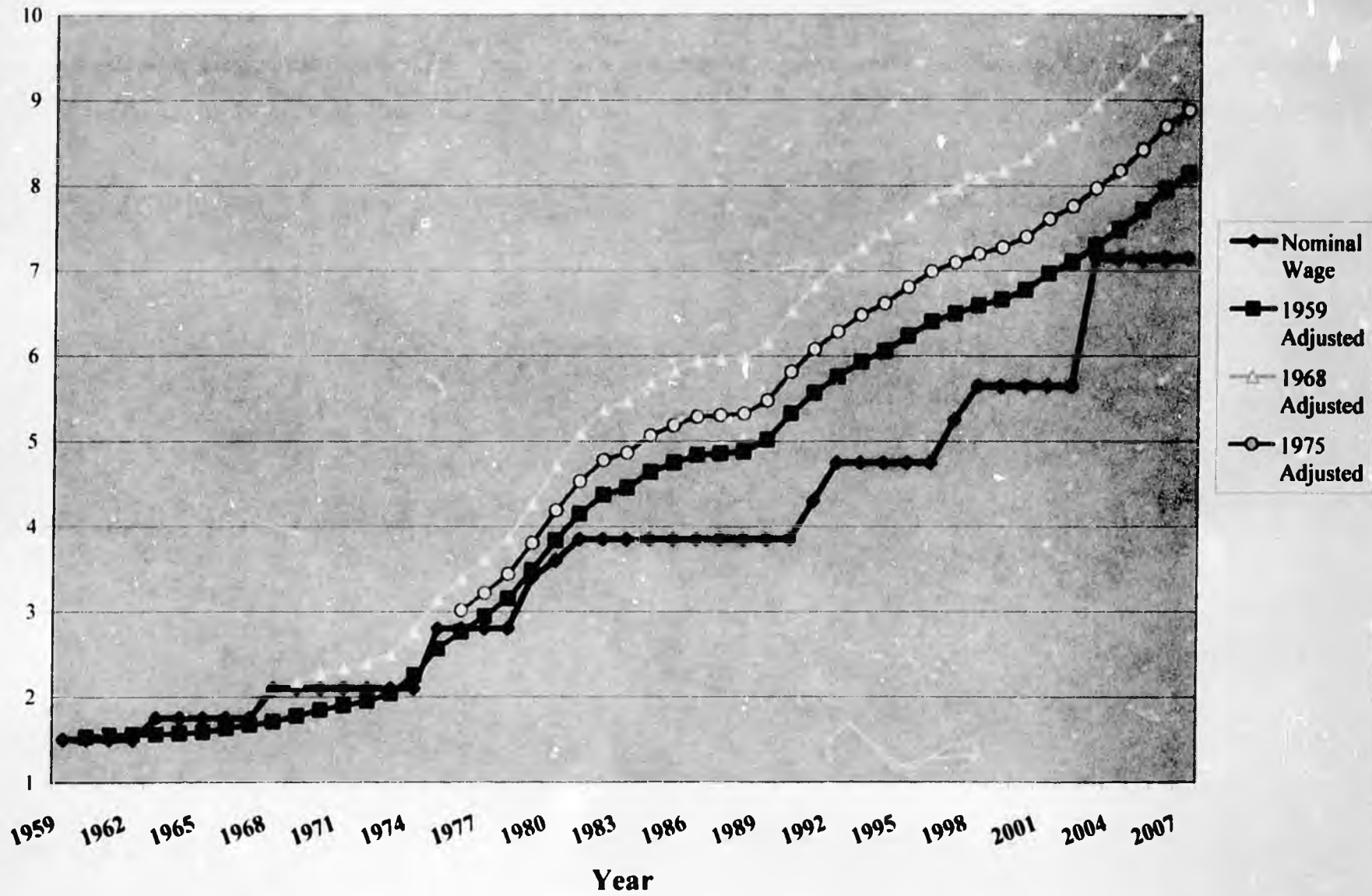
SB 187 will increase Alaska's minimum wage from \$7.15/hour to \$8/hour in 2009 and adjust it annually for inflation. If Alaska's minimum wage, last raised in 2003, were to have kept pace with the rate of inflation, it would be more than \$8/hour today. At least 10 states adjust their minimum wage annually for inflation, including Arizona, Colorado, Montana, Nevada, Ohio, Oregon, Washington, and Wisconsin.

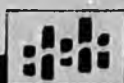
About 14,000 Alaskans (or almost five percent of the workforce) earn the minimum wage. A worker that makes the minimum wage earns less than the poverty level for a family of two. Twenty-five percent of those who earn between \$7.15 and \$8/hour are parents. Many are the sole wage earners in their household.

Economic studies show that higher wages lead to greater productivity, lower recruiting and training costs, decreased absenteeism, and increased worker morale. Studies have not documented negative employment impacts (e.g., job loss) due to increases in the minimum wage.

As welfare reform forces more poor families to rely on their earnings from low-paying jobs, a minimum wage increase will help alleviate poverty and improve the standard of living for many Alaskans families. Please join us in supporting this critical legislation.

Alaska Minimum Wage





EPI BRIEFING PAPER

MINIMUM WAGE TRENDS

Understanding past and contemporary research

BY LIANA FOX

There is a growing view among economists that the minimum wage offers substantial benefits to low-wage workers without negative effect. Although there are still dissenters, the best recent research has shown that the job loss reported in earlier analyses does not, in fact, occur when the minimum wage is increased. There is little question that the overall impact of a minimum wage is positive, as the following facts make clear:

- If the minimum wage were increased nationally to \$7.25:
 - 14.9 million workers would receive a raise,
 - 80% of those affected are adults age 20 or over, and
 - 7.3 million children would see their parents income rise.
- Families with affected workers rely on those workers for over half of their earnings.
- 46% of all families with affected workers rely solely on the earnings from those workers.
- Some minimum wage workers remain in low-wage jobs for substantial periods.
- The best recent research on the economic impact of the minimum wage shows positive effects without job loss.
- Even the research that suggests a negative labor market effect shows only a minimal impact that is more than offset by the higher wage levels.
- The states that have adopted higher-than-federal minimum wages have seen low-wage workers' incomes rise with no negative side-effects.
- Over 650 economists, including five Nobel Prize winners and six past presidents of the American Economics Association, recently signed a statement stating that federal and state minimum wage increases "can significantly improve the lives of low-income workers and their families, without the adverse effects that critics have claimed" (EPI 2006).

LEGISLATIVE RESEARCH REPORT

JANUARY 28, 2008



REPORT NUMBER 08.123

ALASKA'S MINIMUM WAGE ADJUSTED FOR INFLATION

PREPARED FOR SENATOR BILL WIELECHOWSKI

BY ROGER WITHINGTON, LEGISLATIVE ANALYST

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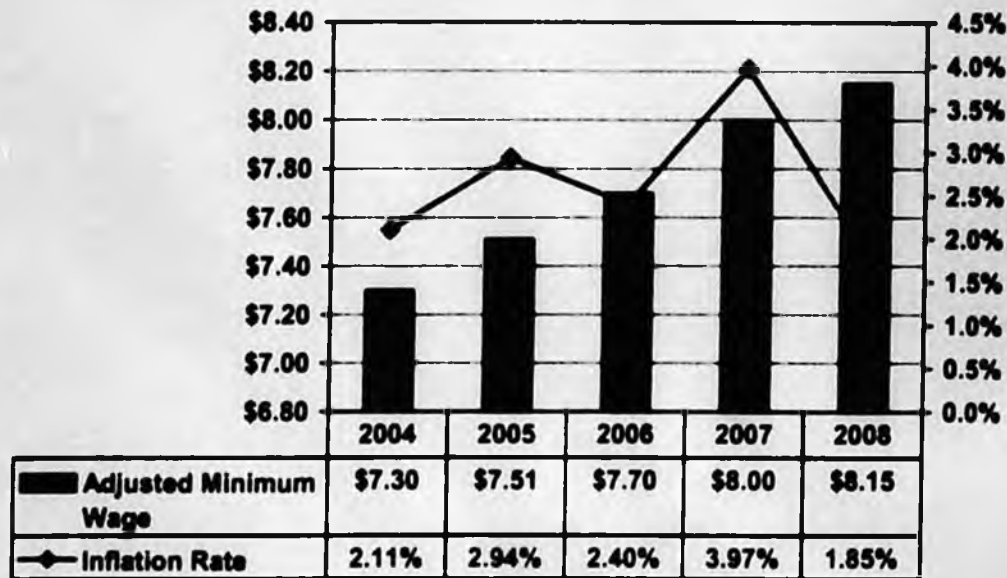
You asked for information regarding Alaska's minimum wage. Specifically, you wished to know what the minimum wage would be today if the minimum wage inflation-proofing provisions of HB 58, passed in 2002, had not been repealed in 2003. Based on our calculations, had the minimum wage been adjusted for inflation each year since October 2003, the current minimum wage in Alaska would be \$8.15 per hour.

INFLATION-PROOFING THE MINIMUM WAGE

As you may know, an inflation proofing provision was added to the Alaska's minimum wage law through the enactment of House Bill 53 in 2002, which also raised the minimum wage from \$5.65 (which was 50 cents above the federal minimum wage) to \$7.15 per hour. The bill, which took effect on January 1, 2003, also instructed the Department of Labor and Workforce Development (DOLWD) to calculate the first inflation-adjusted minimum wage rate by October 1, 2003, and each year thereafter. Because HB 199, which removed the inflation-adjustment provision, passed prior to October 1, 2003, the DOLWD was never required to calculate inflation-related minimum wage increases.

Since the inflation-proofing provisions of HB 56 required the minimum wage be adjusted by October 1st of each year, and the annual rate of inflation for each calendar year is not available until January of the following year, we adjusted the minimum wage using the previous two semi-annual Anchorage Consumer Price Index (CPI) figures. Based on our calculations, if the minimum wage had been adjusted for inflation each year since October 2003, the current minimum wage would be \$8.15 per hour. In Figure 1 we provide the inflation rate and the inflation adjusted minimum wage for each year since 2003.

Figure 1: The Inflation Rate and the Inflation Adjusted Minimum Wage, 2004 through 2008



Notes: The 2003 minimum wage was \$7.15. It is the minimum wage against which we made all future adjustments.
 HB 56 required the Department of Labor and Workforce Development to calculate an inflation adjusted minimum wage by October 1st of each year. This adjusted minimum wage would go into effect January 1st of the following calendar year.
 The inflation rate is based on the Anchorage Consumer Price Index (CPI), which is the rate used to adjust the minimum wage. Since the annualized CPI rate for each year is not available until January of the following year, and because the minimum wage was to be adjusted by October 1st of each year, we used the CPI for the first half of one year and the second half of the previous year, divided by two to get the average, and then calculated the percentage difference from the year before. This is the rate that we applied to the minimum wage in order to make the adjustment for inflation.

Sources: Consumer Price Index information is from the Alaska Department of Labor and Workforce Development, <http://almis.labor.state.ak.us/?PAGEID=67&SUBID=198>.

HISTORY OF THE MINIMUM WAGE

As you know, the federal Fair Labor Standards Act (FLSA), first passed by Congress in 1938, addresses many employment issues including overtime and the minimum wage. Congress set the first federal minimum wage at \$0.25 per hour.¹ States could also set their own minimum wages, and in 1959 the first Alaska legislature established the Alaska minimum wage at \$1.50 per hour—at that time, the federal minimum wage was \$1.00 per hour.² As with the FLSA, Alaska law included several exemptions to coverage by the minimum wage requirement, including farmers, fishermen, domestic help, and public employees.³

In 1962, the Alaska legislature changed the statute so that the minimum wage in Alaska would be at least \$0.50 per hour greater than the federal minimum wage, which at that time was \$1.25 per hour.⁴ In 1974, the Alaska legislature again addressed the issue of the minimum wage, and amended the statute to establish the minimum wage at "not less than 50 cents an hour greater than the prevailing Federal Minimum Wage Law or \$2.60 an hour, whichever is greater."⁵ In 1990, the legislature included a requirement that school bus drivers be paid a rate of not less than two times the minimum wage.⁶ Table 1 shows the amount of the minimum wage in Alaska from 1959 to the present.

¹ "Federal Minimum Wage Rates under the Fair Labor Standards Act," Wage and Hour Division, Employment Standards Administration, U. S. Department of Labor, <http://www.dol.gov/eis/minwage/chart.htm>.

² Section 5, Chapter 171, SLA 1959.

³ Section 2, Chapter 171, SLA 1959. According to the U. S. Department of Labor, "The 1938 Act was applicable generally to employees engaged in interstate commerce or in the production of goods for interstate commerce. The 1961 Amendments extended coverage primarily to employees in large retail and service enterprises as well as to local transit, construction, and gasoline service station employees. The 1966 Amendments extended coverage to State and local government employees of hospitals, nursing homes, and schools, and to laundries, dry cleaners, and large hotels, motels, restaurants, and farms. Subsequent amendments extended coverage to the remaining Federal, State, and local government employees who were not protected in 1966, to certain workers in retail and service trades previously exempted, and to certain domestic workers in private household employment."

⁴ Section 4, Chapter 2, SLA 1962.

⁵ Section 1, Chapter 41, SLA 1974.

⁶ Sections 3 & 4, Chapter 12, SLA 1990.

Table 1: The Minimum Wage in Alaska and the Federal Minimum Wage

Year	Alaska	Federal
1959-1962	\$1.50	\$1.00
1963-1967	\$1.75	\$1.25
1968-1974	\$2.10	\$1.60
1975-1978	\$2.80	\$2.30
1979	\$3.40	\$2.90
1980	\$3.60	\$3.10
1981-1990	\$3.85	\$3.35
1991	\$4.30	\$3.80
1992-1996	\$4.75	\$4.25
1997	\$5.25	\$4.75
1998-2002	\$5.65	\$5.15
2003-2006	\$7.15	\$5.15
2007	\$7.15	\$5.85

Notes: The federal minimum wage provisions for covered, nonexempt employees are contained in the Fair Labor Standards Act (FLSA). The Fair Minimum Wage Act of 2007 included phased increases to the federal minimum wage. For work performed from July 24, 2008 to July 23, 2009, the federal minimum wage is \$6.55 per hour. For work performed on or after July 24, 2009, the federal minimum wage is \$7.25 per hour. <http://www.dol.gov/dol/topic/wages/minimumwage.htm>.

Source: U.S. Department of Labor

I hope you find this information to be useful. Please do not hesitate to contact us if you have questions or need additional information.

**National Conference of State Legislatures
2006 Minimum Wage Ballot Measure Results**

Arizona

Proposition 202 **Arizona Minimum Wage Act**
Initiative **Status: Passed 65.6%**

Summary: Proposition 202 would establish a state minimum wage law and raise the minimum wage to \$6.75 per hour beginning January 1, 2007. The state minimum wage would be increased each January 1 for changes in the cost of living.

Colorado

Amendment 42 **Colorado Minimum Wage**
Initiative **Status: Passed 52.7%**

Summary: Amendment 42 proposes a change to Article XVIII of the Colorado Constitution that: raises the minimum wage from \$5.15 per hour to \$6.85 per hour, and adjusts the wage annually for inflation; and increases the minimum wage for workers who regularly receive tips from \$2.13 per hour to \$3.83 per hour and adjusts it annually by the same dollar amount as the minimum wage for non-tipped workers.

Missouri

Proposition B **Raising Minimum Wage**
Initiative **Status: Passed 75.8%**

Summary: Shall Missouri Statutes be amended to increase the state minimum wage rate to \$6.50 per hour, or to the level of the federal minimum wage if that is higher, and thereafter adjust the state minimum wage annually based on changes in the Consumer Price Index?

Montana

I-151 **Raise the Minimum Wage**
Initiative **Status: Passed 74.2%**

Summary: This measure raises the state minimum wage to the greater of either \$6.15 an hour or the federal minimum wage. This measure also adds an annual cost-of-living adjustment to the state minimum wage. Under existing law, the state minimum wage is equal to the federal minimum wage, which is \$5.15 an hour with no cost-of-living adjustment. This measure does not change the \$4.00 an hour minimum wage for a business whose annual gross sales are \$110,000 or less. This measure would take effect January 1, 2007.

Nevada

Ballot Question 6 **Raise the Minimum Wage for Working Nevadans Act**
Initiative **Status: Passed 68.4%**

Summary: The proposed amendment, if passed, would create a new section to Article 15 of the Nevada Constitution. The amendment would require employers to pay Nevada employees \$5.15 per hour worked if the employer provides health benefits, or \$6.15 per hour worked if the employer does not provide health benefits. The rates shall be adjusted by the amount of increases in the federal minimum wage over \$5.15 per hour, or, if greater, by the cumulative increase in the cost of living measured by the Consumer Price Index (CPI), with no CPI adjustment for any one-year period greater than 3%. [NOTE: This measure was passed in the November 2004 election. In Nevada, constitutional amendments must be passed in two consecutive general elections before they may take effect. Therefore, Question 6 also appears on the November 2006 ballot for voter approval.]

Ohio

Issue 2 **Minimum Wage**
Initiative **Status: Passed 56.5%**

Summary: Except as provided in this section, every employer shall pay their employees a wage rate of not less than six dollars and eighty-five cents per hour beginning January 1, 2007. On the thirtieth day of each September, beginning in 2007, this state minimum wage rate shall be increased effective the first day of the following January by the rate of inflation for the twelve month period prior to that September according to the consumer price index or its successor index for all urban wage earners and clerical workers for all items as calculated by the federal government rounded to the nearest five cents.

Table 5: State Minimum Wages Greater than the Federal Minimum Wage

(As of April 15, 2007)

State	2007 State Minimum Wage	Planned 2008 State Minimum Wage	Planned 2009 State Minimum Wage	
Alaska	7.15	7.15	7.15	
Arizona	6.75*	Inflation Adjusted	Inflation Adjusted	1
Arkansas	6.25	6.25	6.25	
California	7.50	8.00	8.00	
Colorado	6.85*	Inflation Adjusted	Inflation Adjusted	2
Connecticut	7.65	7.65	7.65	
Delaware	6.85	7.15	7.15	
District of Columbia	7.00	7.00	7.00	
Florida	6.67*	Inflation Adjusted	Inflation Adjusted	3
Hawaii	7.25	7.25	7.25	
Iowa	5.15 (will increase to \$6.20 on 4/1/07)	7.25	7.25	
Illinois	6.50 (will increase to \$7.50 on 7/1/07)	7.50 (will increase to \$7.75 on 7/1/08)	7.75 (will increase to \$8.00 on 7/1/09)	
Kentucky	5.15 (will increase to \$5.85 on 7/1/07)	5.85 (will increase to \$6.55 on 7/1/08)	6.55 (will increase to \$7.25 on 7/1/09)	
Maine	6.75 (will increase to \$7.00 on 10/1/07)	7.00	7.00	
Maryland	6.15	6.15	6.15	
Massachusetts	7.50	8.00	8.00	
Michigan	6.95 (will increase to \$7.16 on 7/1/07)	7.15 (will increase to \$7.40 on 7/1/08)	7.40	
Minnesota	6.15	6.15	6.15	
Missouri	6.50*	Inflation Adjusted	Inflation Adjusted	4
Montana	6.15*	Inflation Adjusted	Inflation Adjusted	5
Nevada	6.15*	Inflation Adjusted	Inflation Adjusted	6
New Jersey	7.15	7.15	7.15	
New Mexico	Federal rate	6.50	7.50	
New York	7.15	7.15	7.15	
North Carolina	6.15	6.15	6.15	
Ohio	6.85*	Inflation Adjusted	Inflation Adjusted	7
Oregon	7.80*	Inflation Adjusted	Inflation Adjusted	8
Pennsylvania	6.25 (will increase to \$7.15 on 7/1/07)	7.15	7.15	
Rhode Island	7.40	7.40	7.40	
Vermont	7.53*	Inflation Adjusted	Inflation Adjusted	9
Washington	7.93*	Inflation Adjusted	Inflation Adjusted	10
Wisconsin	6.50	6.50	6.50	

*=State minimum wage adjusted annually for inflation.

10 states adjust the MW w/ inflation.

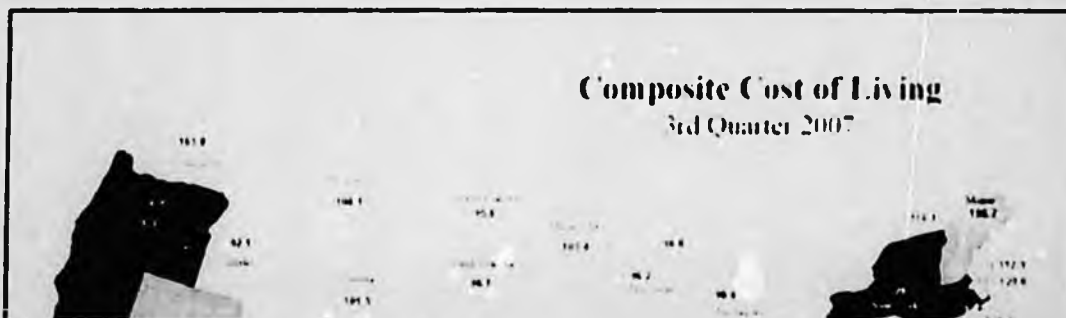
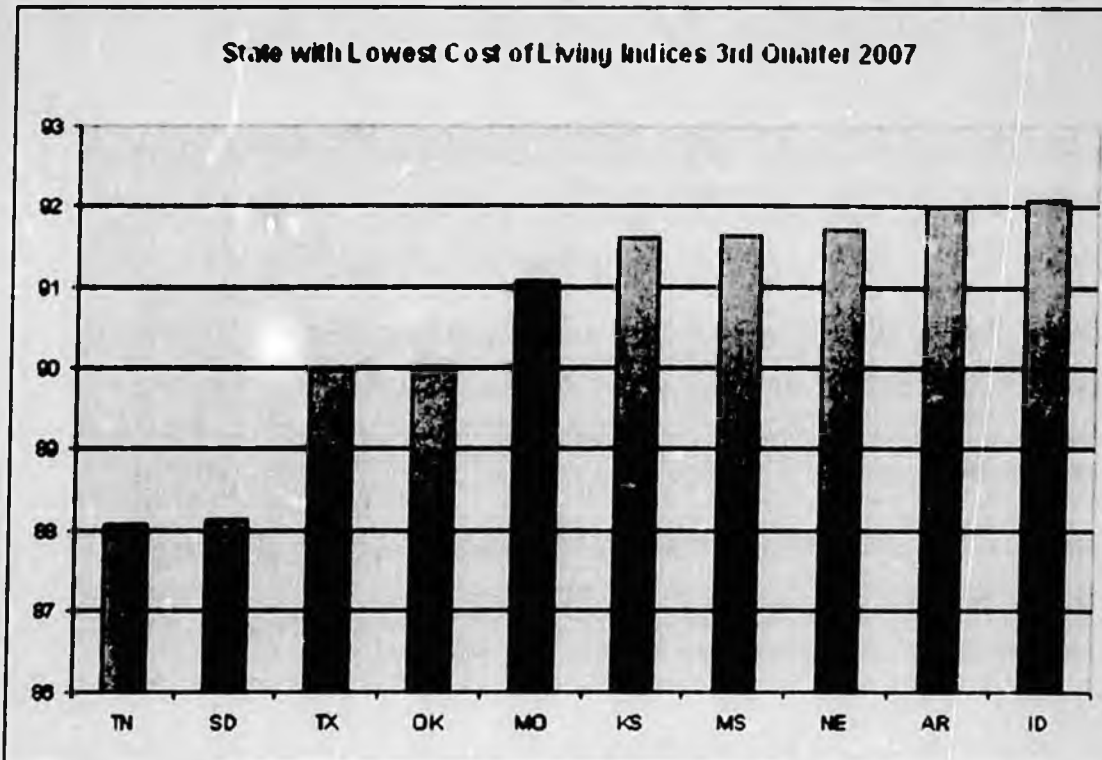
= higher than Ark's by July 1, 2008 = 8 states

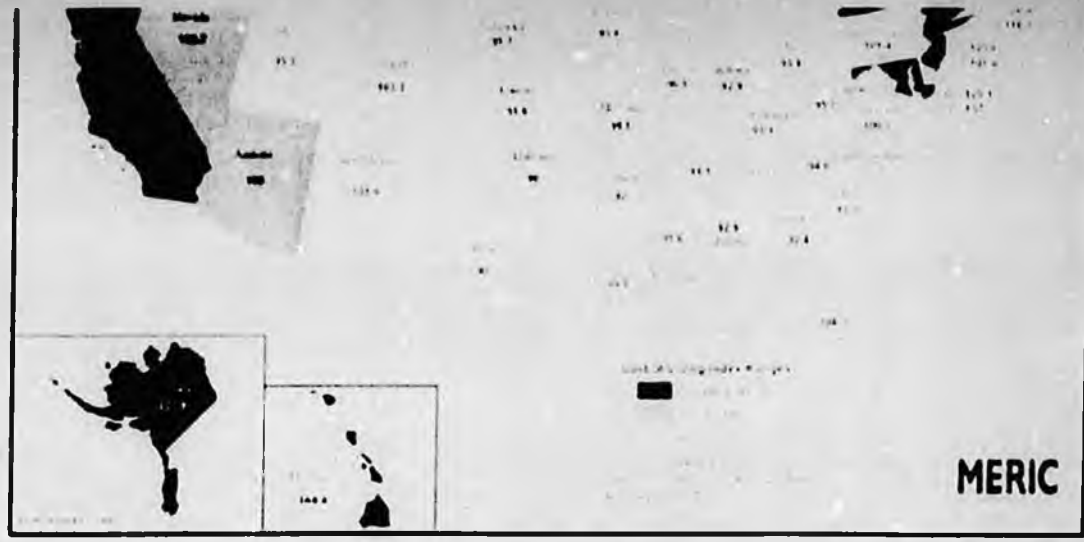
Cost of Living 3rd Quarter 2007

* In the third quarter of 2007, Missouri had the 5th lowest cost of living in the United States. In general, the most expensive areas to live are New England, Alaska, Hawaii, and the West Coast. The least expensive areas continue to be the Midwest and Southern States.

MERIC derives the cost of living index for each state by averaging the indices of participating cities and metropolitan areas in that state. Missouri's cost of living for the third quarter of 2007 was 91.6.

Cities across the nation participate in ACCRA's survey on a volunteer basis. Price information in the survey is governed by ACCRA collection guidelines which strive for uniformity.





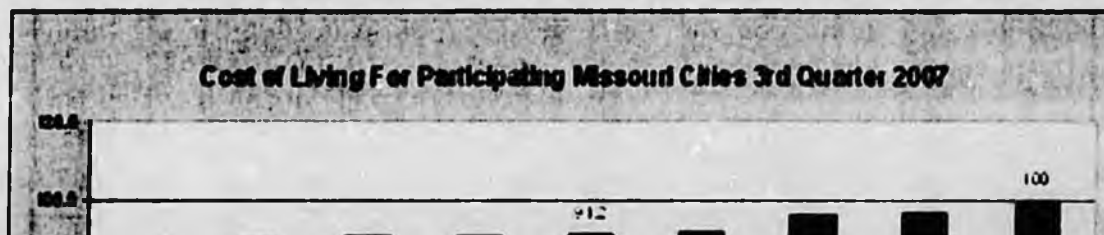
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Third Quarter 2007 Cost of Living Figures								
STATE	RANK	INDEX	GROCERIES	HOUSING	UTILITIES	TRANSPORTATION	HEALTH CARE	MISC GOODS
AL	13	92.9	97.5	80.3	94.5	95.2	89.7	100.5
AK	47	127.9	134.8	134.2	139.6	111.8	135.2	120.8
AZ	36	106.0	107.5	115.1	97.6	98.6	100.8	103.4
AR	9	92.0	94.6	79.0	102.9	93.6	91.2	98.0
CA	49	135.9	121.5	198.1	97.4	107.5	114.4	113.0
CO	31	103.3	107.1	107.6	92.9	103.3	103.1	101.6
CT	46	126.8	121.1	156.4	135.7	106.4	116.7	109.6
DE	30	101.6	112.0	87.0	119.5	95.4	113.2	104.6
DC	50	137.0	108.5	214.6	111.1	107.9	110.2	104.3
FL	35	104.3	101.1	112.8	102.9	102.2	100.4	100.2
GA	11	92.4	99.8	79.2	90.1	96.2	98.2	99.0
HI	51	164.4	161.8	249.9	140.2	117.1	110.6	123.5
ID	10	92.1	92.3	83.2	92.2	96.4	96.3	97.4
IL	24	96.9	97.0	91.2	99.0	107.2	100.0	97.6
IN	12	92.9	94.4	87.0	95.6	102.6	94.8	93.3
IA	16	93.9	91.5	86.1	97.8	103.5	94.7	97.2
KS	6	91.6	90.6	83.0	94.6	99.4	90.3	96.0
KY	15	93.9	91.7	84.6	102.0	100.6	93.9	97.9
LA	19	95.1	97.2	90.2	90.0	98.6	94.3	98.8
ME	37	106.7	102.5	112.1	126.3	98.3	107.2	100.8
MD	44	125.1	108.1	171.2	122.1	108.5	106.1	102.5
MA	43	120.6	112.7	138.7	132.9	102.2	118.2	111.1
MI	25	98.8	99.8	98.5	102.8	106.3	95.2	95.9
MN	32	103.4	98.8	102.2	103.6	107.5	102.3	104.9
MS	7	91.6	94.3	82.3	99.3	94.8	99.9	94.2
MO	5	91.1	92.0	79.9	93.0	97.7	94.7	95.8
MT	34	104.1	110.5	107.0	101.6	99.1	102.1	101.9
NE	8	91.7	92.9	83.8	97.9	99.2	90.2	93.9
NV	38	109.7	103.8	121.2	87.9	103.1	111.5	110.6

ST	3Q	112.9	107.7	118.0	100.0	100.2	127.3	119.1
NJ	45	125.6	111.6	168.5	106.7	96.2	106.9	112.4
NM	29	101.6	101.5	105.7	96.5	103.2	102.8	99.1
NY	48	129.0	115.1	167.1	133.4	106.2	105.0	111.8
NC	18	94.6	101.3	85.6	92.1	94.2	103.8	99.1
ND	21	95.6	94.4	84.6	106.0	104.5	94.8	99.4
OH	17	93.9	97.3	80.4	105.4	103.2	93.1	97.7
OK	4	90.0	92.4	77.0	92.4	100.8	97.5	94.8
OR	41	116.3	110.2	137.2	92.9	107.2	110.4	111.7
PA	27	101.4	100.7	102.2	109.4	98.4	92.9	100.5
RI	42	118.3	116.1	133.1	118.6	96.7	119.3	113.2
SC	14	93.3	101.7	83.3	94.2	93.9	99.4	97.1
SD	2	88.1	92.7	77.5	92.8	92.8	97.6	91.2
TN	1	88.1	92.0	75.8	89.2	92.3	91.8	94.4
TX	3	90.0	89.5	77.3	95.6	96.8	97.2	95.9
UT	20	95.3	101.0	93.7	87.1	95.0	92.3	97.3
VT	40	116.1	109.3	131.4	128.9	101.4	104.6	108.3
VA	26	100.7	96.7	107.8	101.1	92.1	98.1	99.1
WA	33	103.8	107.6	101.8	92.3	105.8	117.3	105.2
WV	22	95.7	90.7	97.1	97.2	99.5	99.4	94.6
WI	23	96.2	92.9	91.6	96.1	107.1	102.9	97.3
WY	28	101.5	111.3	106.9	96.6	96.3	98.4	96.8

Each of the participating Missouri cities had a composite index below the national average in the 3rd quarter of 2007. These cities ranged from an index of 82.0 in Joplin to 96.5 in Kansas City. In general, the major metropolitan areas are the most expensive areas in Missouri to Reside.

Cost of Living Indices for Participating Missouri Cities 3rd Quarter 2007							
City	Composite Index	Groceries	Housing	Utilities	Transportation	Health Care	Misc
Columbia MO	91.2	89.2	83.8	95.7	98.9	94.6	93.9
Jefferson City MO	91.6	94.3	76.0	97.7	102.8	93.2	97.9
Joplin MO	82.0	80.6	75.4	81.0	86.7	86.0	86.3
Kansas City MO-KS	96.5	88.2	89.2	104.2	103.4	97.6	101.2
St. Joseph MO	96.4	95.4	86.7	95.0	95.7	100.1	104.8
St. Louis MO-IL	90.6	99.7	78.2	86.1	92.9	99.4	96.8
Springfield MO	89.2	96.4	69.9	91.2	103.6	92.6	96.8
Missouri	91.1	92.0	79.9	93.0	97.7	94.7	96.8
U S Average	100.0	100.0	100.0	100.0	100.0	100.0	100.0



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Anchorage Daily News

[Print Page](#)[Close Window](#)**Higher minimum wage in Alaska has support****SMALL BUSINESS: Poll finds many favor a state differential.**

Anchorage Daily News

(01/10/08 01:33:14)

A new poll of Alaska small businesses found about 45 percent favor pegging Alaska's minimum wage to 50 cents higher than the federal minimum, according to the National Federation of Independent Business.

"In any other state, this would have received a 99 percent 'No' response," said Denny DeWitt, the group's Alaska director.

"The reason the 'Yes' vote was so high here was not because employers want to increase costs on themselves, but because of Alaska's history of keeping its minimum wage ahead of the federal level," he said.

Alaska's minimum used to float at 50 cents above the federal rate but it has been flat at \$7.15 an hour since 2003.

The federal minimum wage is \$5.85, but it will rise to \$6.55 this summer and then to \$7.25 in July 2009.

Other poll findings:

- 56 percent said there should be a lower "training wage" if the minimum wage is raised.
- 69 percent said the state's unemployment benefit should not be raised to \$370 a week from \$248 and the maximum wage on which the amount of an unemployment benefit is based, lifted to \$42,000 from \$26,750.
- 78 percent said dependents should not be able to stay on family health-insurance plans until age 26.

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Sen. Elton seeks increase in Alaska's minimum wage

Bill aims to raise pay to \$8 an hour

Alaska's workers at the lowest end of the pay scale will be getting a raise next year. The question is: How much?

The federal government is raising the minimum wage next summer to \$7.25 an hour nationwide. But at the Capitol, some lawmakers are working to raise minimum wages even higher.

Juneau's lone senator, Kim Elton, is a co-sponsor of a bill that would raise the minimum wage to whichever is higher: \$8 an hour minimum wage that's adjusted yearly for inflation, or a dollar more an hour tacked on to the federal minimum.

Elton, a Democrat, said there are about 14,000 Alaskans, or 5 percent of the work force, earning a minimum wage. Though most businesses in the capital pay higher wages than the current minimum wage, Elton said, there are still workers making that amount.

"Which is especially difficult because Juneau is one of the more expensive cities in Alaska," he said. "So the challenges they face are great."

Elton also pointed out that Alaska's minimum wage was well below other West Coast states. California, Oregon and Washington all have minimum wages close to or at \$8 an hour.

"When you look at what we do compared to what others do, we have fallen behind," Elton said.

Wayne Stevens, president and CEO of the Alaska State Chamber of Commerce, said his organization hasn't taken a position on the bill yet. But he said he is concerned the bill could be harmful to the state's businesses when combined with other measures the state is considering, such as raising worker's compensation or unemployment benefits.

"When you look at the cumulative effect of all of these bills, it just places an ever increasing burden at the foot of businesses," Stevens said.

He added that raising wages could lead to a "vicious cycle," in which businesses pass their increased costs on to consumers, raising the cost of living and the need to hike wages.

"It's one of those damned-if-you-do, damned-if-you-don't kind of bills," Stevens said. "Where does it end?"

Elton said he understood the concerns of the business community, but still thought the wage increase was necessary.

"The people who are worried the most about viciousness are those people who are trying to figure out a way to buy clothes for their kids in school, [and] pay the rent," he said.

- Contact Alan Suderman at 523-2268 or alan.suderman@juneauempire.com.

Click here to return to story:

http://www.juneauempire.com/stories/012008/sta_2008012008.shtml

Minimum Wage Income and Expenses

Current Alaska Minimum Wage: \$7.15	
52 weeks X 40 hours X \$7.15 =	\$14,872 / year
Estimated federal income tax, Social Security and Medicaid Withholding (1):	- \$1,804 / year
Net income of one full-time worker:	<hr/> \$13,068 / year \$1,089 / month

Estimated Monthly Expenses for Low-Income Family of Three

Rent, including heat and electricity (2): (2-bedroom apartment)	\$1,000
Food (3)	\$450
Telephone (local service and \$5 long distance)	\$45
Clothing / Laundry / Haircuts	\$50
Medical/Dental	\$30
Health Insurance	0
Life Insurance	\$40
Gasoline/Transportation	\$80
Auto Repair/Replacement	\$50
Auto Insurance	\$40
Recreation/Entertainment (toys, cable, pet care, sports, internet gifts, newspaper, eating out, travel)	\$40
Retirement	0
Education/Training	0
Emergency Fund/Savings	0
<hr/>	
Total Expenses	\$1,825 / month
Income minus Expenses	-\$736

Result: minimum wage workers and their children must go without basic necessities and rely on government assistance.

Alaska Data

Alaska per capita personal income 2005:	\$35,433
Alaska median annual family income for families with one wage earner	\$43,709
Child support for one non-custodial child (1)	\$218

***SOURCES:**

1. Child Support Services Division
2. AHFC 2007 fair market rent table for low rent housing program
3. UAF Cooperative Extension Service June 2007 food cost survey

U.S. Bureau of Labor Statistics

Table A. Average annual expenditures of all consumer units and percent changes, Consumer Expenditure Survey, 2003-2006

Item	2003	2004	2005	Percent Change	
				2003-2004	2004-2005
Number of consumer units (in thousands).....	115,356	116,262	117,356		
Income before taxes ¹	\$51,128	\$54,453	\$58,712		
Averages:					
Age of reference person	46.4	48.5	48.6		
* Number of persons in consumer unit	2.5	2.5	2.5		
Number of earners	1.3	1.3	1.3		
Number of vehicles	1.9	1.9	2.0		
Percent homeowner	67	68	67		
Average annual expenditures	\$40,817	\$43,395	\$46,409	6.3	6.9
Food	5,340	5,781	5,931	8.3	2.6
Food at home	3,129	3,347	3,297	7.0	-1.5
Cereals and bakery products	442	461	445	4.3	-3.6
Meats, poultry, fish, and eggs	625	660	764	6.7	-13.1
Dairy products	328	371	378	13.1	2.0
Fruits and vegetables	535	561	552	4.8	-1.7
Other food at home	999	1,075	1,158	7.6	7.7
Food away from home	2,211	2,434	2,634	10.1	8.2
Alcoholic beverages	391	459	426	17.4	-7.1
Housing	13,432	13,918	15,167	3.6	9.0
Shelter	7,867	7,996	8,805	1.4	10.1
Utilities, fuels, and public services	2,811	2,927	3,183	4.1	6.8
Household operations	707	753	801	6.5	6.3
Housekeeping supplies	529	594	611	12.3	2.9
Household furnishings and equipment	1,487	1,646	1,767	10.0	7.4
Apparel and services	1,640	1,816	1,896	10.7	3.8
Transportation	7,781	7,601	8,344	.3	7.0
Vehicle purchases (net outlay)	3,732	3,397	3,544	-9.0	4.3
Gasoline and motor oil	1,333	1,598	2,013	19.9	26.0
Other vehicle expenses	2,331	2,365	2,339	1.5	-1.1
Public transportation	385	441	448	14.5	1.6
Healthcare	2,416	2,574	2,694	6.5	3.5
Entertainment	2,060	2,218	2,366	7.7	7.7
Personal care products and services	527	581	541	10.2	-6.9
Reading	127	130	126	2.4	-2.7
Education	783	905	940	15.6	3.9
Tobacco products and smoking supplies	290	288	319	-.7	10.8
Miscellaneous	606	690	808	13.9	17.1
Cash contributions	1,370	1,408	1,663	2.8	18.1
Personal insurance and pensions	4,055	4,823	5,204	16.9	7.9
Life and other personal insurance	397	390	381	-1.8	-2.3
Pensions and Social Security	3,658	4,433	4,823	21.2	8.8

¹ Income values are derived from "complete income reporters" only in 2003 (see glossary). Starting in 2004, income imputation

was introduced and incomes are estimated for all consumer units.

funeral expenses, and finance charges excluding those on mortgages and vehicles. Education expenditures increased 3.9 percent, but this change was not statistically significant. This component includes spending on college tuition, which can fluctuate substantially from year to year. Spending on the remaining components, alcoholic beverages and reading, decreased in 2005 by 7.1 percent and 2.7 percent, respectively.

Brief description of the Consumer Expenditure Survey

The current CE program was begun in 1980. Its principal objective is to collect information on the buying habits of American consumers. Consumer expenditure data are used in a variety of research endeavors by government, business, labor, and academic analysts. In addition, the data are required for regular revision of the CPI.



Alaska

January 25, 2008

The Honorable Bill Wielechowski
Alaska State Senate
State Capitol Building
Juneau, Alaska 99801-1182

RE: Senate Bill 187

Dear Senator Wielechowski,

On behalf of the National Federation of Independent Business/Alaska, I wish to express our opposition to Senate Bill 187. The National Federation of Independent Business is the largest small-business advocacy group in the Alaska.

NFIB opposes your proposed increase in the minimum wage. Mandatory wage increases hurt not only small businesses, but their employees as well. Big corporations may not have to absorb the cost because most minimum-wage jobs are offered by small businesses. Government manipulation of the starting wage has failed as tool of social and/or economic justice. It has not been proven to reduce poverty or narrow the income gap and puts a stranglehold on Alaska's top job creators: small businesses. The overwhelming majority of economists continue to affirm the job-killing nature of mandatory wage increases. Mandatory minimum-wage increases end up reducing employment levels for those people with the lowest skills.

The minimum wage is an entry-level wage and few remain at that level for an extended time. One study shows that most minimum wage jobs are not career jobs. About two-thirds of minimum wage workers earned more than the minimum wage one year later. In the best longitudinal panel study of entry-level workers, only 14 percent earned less than \$1.00 above the minimum eight years later.

Minimum wage increases hurt small businesses two ways - both direct and indirect. The literature indicates employment losses of 2 percent to 6 percent for each 10 percent increase in the minimum wage. Mandatory wage increases leave small business owners with fewer choices in how to compensate their employees. To cope with minimum wage increases, in addition to job cuts, small business owners reduce hours, leave jobs vacant, reduce wage increases, increase prices where feasible, and take hits in the bottom line.

Senator Bill Wielechowski
January 25, 2008
Page 2 of 2

In addition to the specific increase proposed in SB 187, this measure proposes future increases based on decisions external to the legislative process. Given the significance of this issue, we feel it is inappropriate to have future increases tied to the actions of the federal government or a calculation of inflation in Anchorage, which may or may not reflect the wisdom of increasing Alaska's minimum wage.

Sincerely yours,

Dennis L. DeWitt
Alaska State Director
National Federation of Independent Business

Cc: Senator Johnny Ellis
Senator Gary Stevens
Senator Bettye Davis
Senator Lyman Hoffman
Senator Con Bunde

SB

1966



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503
March 17, 2008

The Honorable Johnny Ellis
Alaska State Senate
State Capitol, Room 9
Juneau, Alaska 99801

Via facsimile, 907-465-2529

Dear Senator Ellis:

As I am sure you are aware, prescription drug abuse is on the rise and has become America's second largest illicit drug abuse problem. Nearly 6.4 million people report non-medical use of controlled substance prescription drugs, with misuse of pain killers representing three-fourths of the overall problem (4.7 million).

Unfortunately, Alaska is facing a significant public health threat from the abuse of prescription drugs, as well. According to data from the 2005-2006 National Survey on Drug Use and Health, 5.47 percent of Alaska residents have abused prescription drugs in the past year ranking 17th for abuse nationally. Among young adults aged 18 to 25 in Alaska, 11.26 percent report misuse of a prescription drug in the past year. Nationally this age group is increasingly abusing prescription drugs with rates growing by 17 percent from 2002 to 2005.

That same report states that nearly 60 percent of non-medical prescription drug users say they received the prescription drug "free from a friend or relative." Of that 60 percent, 81 percent of those individuals received the medication from a doctor. Other methods of acquiring prescription drugs for non-medical use include "doctor shopping" (going from one doctor to another to obtain multiple prescriptions), traditional drug-dealing, theft from pharmacies or homes, and illicitly acquiring prescription drugs over the Internet.

Prescription Drug Monitoring Programs (PDMPs) help engage physicians and pharmacists in reducing the illegal diversion of prescription drugs. Because of their potential to help ensure proper prescribing and to intervene with those who may be addicted to prescription drugs, the Administration is encouraging all states to adopt a PDMP. In fact, the federal government provided \$7.5 million in assistance grants to states in the 2007 fiscal year to help develop, implement, and enhance PDMPs.

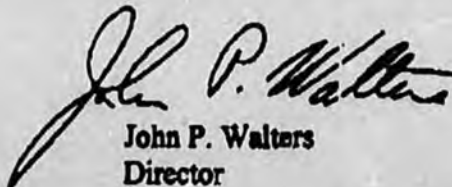
In 2001, there were 15 PDMPs in this country. Today there are 35 states that have either an active (24) PDMP or are in the process of implementing (11) a PDMP. ONDCP, and other agencies, are working with states to see programs in all 50 states. Of the 15 states without a PDMP, Alaska is one of seven states that currently have pending legislation.

The introduction of SB 196 shows your clear understanding of the magnitude of this problem that we face together and I applauded your efforts to protect the citizens of Alaska. If

implemented, this bill would create a program that could significantly help reduce illicit diversion of prescription drugs without impeding legitimate access to these important medications.

This Administration and my office are committed to reducing the prescription drug abuse problem nationwide. I would be pleased to speak with you to discuss any questions you may have about PDMPs from a national perspective, or how we can work together to address Alaska's prescription drug abuse challenge. Please feel free to contact me at 202-395-6700.

Sincerely,



John P. Walters
Director

Enclosure

cc: Governor Palin

ALASKA STATE LEGISLATURE



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SENATOR LYDA GREEN PRESIDENT OF THE SENATE

**Sponsor Statement: Senate Bill 196
Prescription Drug Monitoring Program
Sponsored by Senator Lyda Green**

"An Act relating to establishing a controlled substance prescription database."

Posted: January 15, 2008

Contact: Ginger Blaisdell, 465-5038, Professional Aide

"According to the 2002 National Survey on Drug Use and Health, if tobacco and alcohol are discounted, prescription medication ranks second only to marijuana as a source of drug abuse in the United States. Psychoactive medications are most often targeted for abuse, especially opiates intended for pain relief. For several decades, a community-based matrix of physicians, pharmacists, law enforcement entities, state medical boards and federal regulatory agencies has evolved to attempt to prevent prescription drug abuse."¹

During the past decade, 40 states have launched Prescription Drug Monitoring Programs (PDMP) with intention to curb prescription drug abuse. PDMPs provide a tool for prescribers, dispensers, law enforcement and medical boards to review drug trends. The PDMP database will provide immediate information to doctors as they review a patient's prescription needs, and pharmacists to review a customer's history before dispensing medication. This proactive approach to reviewing prescription trends will help control the availability of prescription narcotics to those who may not medically need them. Licensing boards will be able to use the data at the time of licensure and law enforcement will be able to request information as part of a court order, subpoena or affidavit for an active case.

Federal funding is available to establish and operate a PDMP and cost savings to the State of Alaska can be achieved by eliminating unnecessary prescription use. A PDMP will provide timely prescription drug information to assist in prevention of diversion and promote safe and effective health care for Alaska's citizens.

I would appreciate your support of this bill.

¹ <http://www.mayoclinicproceedings.com>

**Prescription Drug
Monitoring Program**

**SB 196
"PDMP"**

1

Introduction

- All states have laws and regulations that govern the distribution and handling of controlled substances and other pharmaceuticals as well as the provision of medical and pharmaceutical care.

2

Introduction

- Diversion of controlled substances and other pharmaceuticals is generally recognized as a serious problem throughout the United States. While only a small percentage of patients and health care providers have been involved in pharmaceutical diversion, the number of cases and their consequences are significant.

Introduction

- States have found that prescription monitoring programs are among the most effective tools available to identify and prevent drug diversion at the prescriber, pharmacy and patient levels.

Introduction

- The goals of prescription monitoring programs managed by the states are varied and depend upon the missions of the state agencies that operate the programs and use the program data.

Why is prescription drug diversion an issue?

- Diversion affects the health of our citizens
- Diversion accounts for nearly 2% of private insurance and/or Medicaid claims. For Alaska's Medicaid program, that equaled \$1.4 million dollars in FY07.
- Diversion and inappropriate drug use promulgates other criminal activity

National Goals

- Education and information
- Public health initiatives
- Early intervention and prevention
- Investigations and enforcement
- Protection of confidentiality

Goals (continued)

- The goals of PDMPs are multiple:
 - PDMPs are intended to promote pharmaceutical care while deterring diversion through education and law enforcement.
 - PDMPs are aimed at upholding statutory mandates in a manner that is most supportive of and least disruptive to medical and pharmacy practice.

**Illicit Drug Use in Past Month
among Persons Aged 12 or Older, by State:**
Percentages, Annual Averages Based on 2004 and 2005



2004-2005 Alaska Illicit Drug Use

ILLCIT DRUGS	Total	age 10-17	age 18-25	Age 26+
Past Month Illicit Drug Use	12.16	12.96	22.47	9.8
Past Year Marijuana Use	16.83	16.84	24.76	12.29
Past Month Marijuana Use	10.12	9.71	21.26	7.99
Past Month Use of Illicit Drugs Other Than Marijuana	4.22	5.72	8.3	3.15
Past Year Cocaine Use	2.56	1.98	7.41	1.72
Past Year Nonmedical Pain Reliever Use	5.61	6.16	12.5	3.8
Perception of Great Risk of Smoking Marijuana Once a Month	27.25	28.77	18.63	26.67
Average Annual Number of Marijuana Inhaled	2.87	7.15	7.12	0.25

Why Legislation?

- The state currently conducts research and licensee investigations through the Department of Commerce, Community and Economic Development regarding drug diversion practices.
- State and local law enforcement agencies are experiencing a rise in prescription drug diversion criminal activity.

Why Legislation?

- A prescription drug monitoring program (PDMP) will provide the direction and enforcement for collecting accurate and timely prescription drug information to assist in prevention of diversion and promote safe and effective health care for Alaska's citizens.

Impetus for Legislation

- Initial request and support by many Alaskan pharmacists, medical doctors, and law enforcement officials
- PDMP Streamlines current Rx tracking practices
- The Department of Commerce, Community and Economic Development is already providing some services by paper process

Why now?

- Drug diversion is a growing nationwide problem and most states are finding success with prescription monitoring programs
- "You don't want to be the low spot when everyone else is draining their swamps."
- Federal funding is available

Nationally Speaking

- Nov 28: CNN reported that Alaska is one of 15 states that do not have a PMP
- Nov 29: 20/20 reported that military use of prescription narcotics was up from 10% to 50% of all personnel returning from Iraq
- Dec 11: President Bush's 5-year goal to reduce illicit drug use by 25% was considered a success as it dropped by 24% but prescription abuse has increased significantly (possibly by more than 50%)

National Statistics

- A Survey of teenagers by the Partnership for a Drug-Free America found that:
 - 1 in 5 teens has tried Vicodin®, a powerful and addictive narcotic pain reliever
 - 1 in 10 has tried OxyContin®, another prescription narcotic
 - 1 in 10 has used the stimulants Ritalin® or Adderall® for nonmedical purposes
 - 1 in 11 teens has admitted to getting high on cough medicine

National Trends

- In the US, from 1992 to 2003, the number of adults 18 years and older abusing controlled substances increased by 81%
- The number of prescriptions dispensed for federally controlled substances increased by 154% in the US, almost 12 times the increase in population and almost 3 times the rate of increase for non-controlled prescriptions (from 1992-2003)

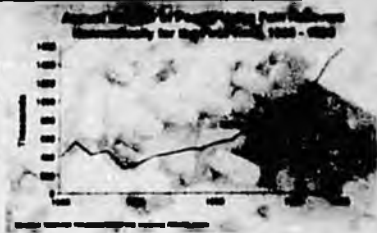
National Trends

- The estimated number of persons aged 12 years or older reporting past year non-medical use of prescription pain relievers, tranquilizers, stimulants or sedatives in 2005 was over 15 million in the US
- The number of prescriptions, individuals receiving prescriptions, and the quantity of doses has increased at a rate greater than all other Rx medications

Prescription Abuse is Growing

In 1999 roughly 1.8 million people used prescription pain relievers nonmedically for the first time—four times as many as in 1990.

Now there are more than 18 million users of pain and other controlled substances.



Understanding the Rx Problem

- Prescription and OTC medications are fast becoming the new "party" drugs for many teenagers and adults – often called "pharming" or "pharm parties"
- There is a national presumption that the misuse of prescription drugs is safer than using illicit "street" drugs.

Pain Reliever Abuse is #1



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FAQ

What Rx are commonly abused?

- Pain Killers
- Stimulants
- Sedatives and Tranquilizers
- Over-The-Counter drugs



Pain Medications

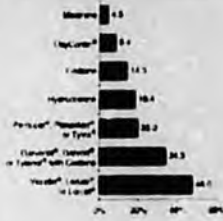
- Vicodin, OxyContin, Percocet, Darvon, Codeine
 - Medically useful for treating moderate-to-severe pain such as after surgery or dental procedures
 - Abused to feel pleasure or sensations of well-being
 - Dangerous because they are highly addictive, taken in combination with alcohol, OTC or other P. drugs could cause life-threatening respiratory depression, taken in overdose amounts may cause death

Drug Choice for Initiates of Nonmedical Use Pain Relievers

In 2004, over half (54.9%) of the persons who initiated nonmedical use of pain relievers were female.

The average age at first nonmedical use was 23 years.

Approximately 75% of recent initiates of nonmedical use of pain relievers were non-Hispanic white.



Stimulants

- **Ritaline, Concerta, Adderall, Focaline, Dexedrine, Meridia**
 - Medically useful for treating attention deficit / hyperactivity disorder (ADHD), narcolepsy, short-term treatment of obesity
 - Abused to feel especially alert, focused and full of energy. May help manage stress.
 - Dangerous because they can be addictive, high doses can lead to hostility or paranoia, high doses can raise body temperature to cause seizures, used in combination with OTC decongestants can result in dangerously high blood pressure or irregular heart beat

Sedatives and Tranquillizers

- **Valium, Xanax, Ativan, Klonopin, Restoril, Ambien, Lunesta, Mebaral, Nembutal**
 - Medically used for treating anxiety, severe stress, panic attacks, insomnia, and muscle spasms
 - Abused to feel calm and sleepy with less tension. Feelings go away as the body becomes drug tolerant
 - Dangerous because they can be addictive, deadly in combination with Rx pain medications, OTC cold and allergy drugs or alcohol

Over-The-Counter Drugs

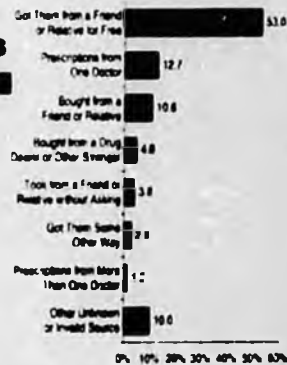
- Coricidine cough and cold, Contac cold and flu, Therallu, Robitussin cough, Tylenol cold products
 - Medically used for treating coughs and colds safely and effectively when used according to directions
 - Abused to experience Rx effects ranging from euphoria, enhanced awareness, distortions of color and sounds, and hallucinations.
 - Dangerous because they can cause rapid heartbeat, high blood pressure, many impairments including liver damage and coma

Rx Abuser Profiles

- A child who is prescribed Ritalin for ADHD and who also takes cough syrup for a bad cold. The child remembers the "good feeling" and takes a cough at a later date for the high
- A 14 year old who gathers medications from parents' and grandparents' medicine cabinets for a 'pharm' party contribution
- A college student who needs to pull an "all-nighter" to study for a final exam
- A professional adult who is having difficulty managing the stress at work and needs a better night's rest
- A senior citizen who needs pain medication for advanced diabetes but found that taking half of a pain pill is enough to pay for rising heating costs.

Drug Suppliers

Percentages of Reported Method of Obtaining Prescription Pain Relievers for Their Most Recent Nonmedical Use in the Past Year among Persons Aged 18 to 25: 2005 NSDUH



Alaska's Prescription Drug Problem

- Alaska prescribes more schedule I-V drugs per capita than any other state
- Alaska is ranked in the top 10% nationally for prescription drug abuse (DEA)
- Transient populations, including tourists, abuse Rx
- Mail order drugs
- Telemedicine – positive and negative

What does this bill do?

- Establishes a prescription drug monitoring program and database within the responsibilities of the Board of Pharmacy
- The database will contain data for every prescription that is dispensed for a schedule I, II, III, IV, or V controlled substance under state and/or federal law
- Data to be submitted shall be provided electronically

Data Use

- Data to be submitted is identified generally in this bill but would be defined more specifically by the Board of Pharmacy
- Data can be used to identify prescribing and dispensing practices, unprofessional and unlawful practices, and individuals who receive prescriptions inappropriately
- Data is confidential and not subject to public disclosure

Data Use

- Data can be used by personnel of the Board of Pharmacy regarding license inquiries
- Data can be used by Board personnel for operational and review purposes
- Data can be requested through the Board by an individual who is the recipient of a controlled substance

Data Use

- Data can be used by licensed practitioners who has the authority to prescribe when considering prescribing
- Data can be used by a licensed or registered pharmacist who is considering dispensing a controlled substance to an individual
- Data can be used by law enforcement by request through the Board by affidavit, subpoena, or court order

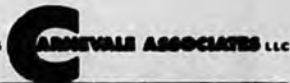
Possible Data Requesters

- | | |
|--|---|
| • Medicaid & Medicaid Fraud Units | • Inspector General |
| • Medicare | • Child Protective Services - drug related |
| • Health Practitioner Intervention Program | • Probation Dept. of Corrections - drug related |
| • Workers Compensation | • Probation & Parole |
| • Medical Examiners | • Judge administering drug diversion or probation program |
| • Bureau of Investigation | |

Enforcement of the Law

- An individual who has submitted information to the database in accordance with guidelines may not be held civilly liable for submitting
- Class A misdemeanor – database misuse
- Class C felony – intentional access to alter or destroy data without authority

STRATEGIC POLICY SOLUTIONS



Dear Colleague,

August 31, 2007

Research by Simeone Associates, Inc., on behalf of the BJA, has concluded that state sponsored prescription drug monitoring programs are effective at decreasing the supply of abuseable drugs and at reducing the probability of prescription drug abuse.

Additionally, the study reveals that proactive "law enforcement oriented" programs, which identify cases and initiate their own investigations, are more effective at combating prescription drug abuse than reactive "health-oriented" programs which only investigate cases at the request of authorized third parties.

Terms and Definitions

- **BJA** – Bureau of Justice Assistance is the federal agency that administers the federal funds for PMPs
- **DEA** – Drug Enforcement Agency
- **Diversion** – taking a legal prescription drug and using it for other than the intended use

Terms and Definitions

- **Harold Rogers** – US Congressman who passed the legislation that provides for the funding of PDMPs nationwide. The BJA administers the "Harold Rogers" grants.
- **HIPAA** – Health Insurance Portability and Accountability Act
- **Opiates** – drugs derived from components of opium or synthetic opiates (morphine, heroin, prescription pain killers, codeine)

Terms and Definitions

- **OTC** – Over-The-Counter drugs
- **PDMP** – Prescription Drug Monitoring Program, also called "PMP"
- **Rx** - Prescription

Terms and Definitions

- **Schedule I-V drugs** – classification system for specific drugs controlled by the Drug Enforcement Agency (DEA). The State of Alaska and the federal schedules are different in priority of drugs but generally contain the same controlled substances.

Abusing Prescription Drugs

Prescription drugs account for almost one-third of all drug abuse in the United States. Treatment admission rates have more than doubled in the past 10 years. State prescription drug monitoring programs, typically created by the legislature, require pharmacies to log each prescription they fill. The reports created by the logs are stored in a state electronic database that includes the patient's name, address, type and amount of drug, prescribing physician's name and other pertinent information.

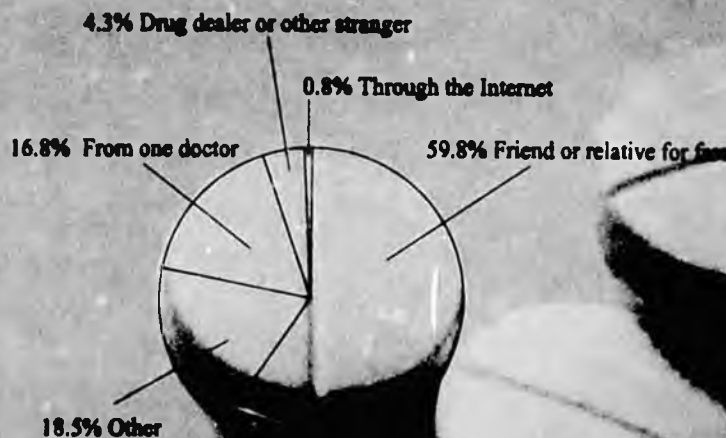
Information contained in the database can help authorized agencies determine patterns of abuse, identify outmoded prescribing practices and can help states in their efforts to combat abuse and addiction. Medical professionals can use the information to prevent abusers from obtaining multiple prescriptions and to get patients the help they need.

Since 2002, Congress has appropriated funds to the U.S. Department of Justice to support the Harold Rogers Prescription Drug Monitoring Program. State governments are eligible for grant funds if they have in place or have pending an enabling statute or regulation that requires the submission of prescription data to a centralized database administered by an authorized state agency.

- ◆ One in five teens report having used a prescription pain-killer without a doctor's prescription.
- ◆ In 2005, 6.4 million Americans, without a medical need, used prescription drugs: 4.7 million used pain relievers, 1.8 million used tranquilizers, 1.1 million used stimulants, 272,000 used sedatives.

SOURCE OF PRESCRIPTION DRUGS

Where people who used pain relievers nonmedically in the past 12 months got the drugs.



Source: National Survey on Drug Use and Health, the Substance Abuse and Mental Health Services Administration.

MONITORING PRESCRIPTION DRUG USE

State programs require pharmacies to log each prescription they fill.



Source: The National Alliance for Model State Drug Laws, Oct. 11, 2006.

Note: Washington's program applies to licensed practitioners and is used for disciplinary purposes.



JANUARY 2006

VOL. 14, No. 4

Prescription Drug Monitoring Programs

By Blake Harrison

Prescription drug abuse accounts for almost 30 percent of drug abuse in the United States.

Prescription drug abuse comprises almost one-third of drug abuse in the United States, and treatment admission rates have more than doubled in the past 10 years. Identifying abuse from a criminal justice perspective is difficult, since the drugs typically are purchased legally then used for an unintended purpose or distributed to a different person.

State prescription drug monitoring programs (PDMPs), created through the legislature or by agency rule, address this issue by requiring pharmacies to log each prescription they fill. The reports created by the logs are stored in a state electronic database that typically includes the patient's name, address, type and amount of drug, prescribing physician's name and other pertinent information. Medical professionals can prevent abusers from obtaining prescriptions from multiple doctors through this kind of monitoring and can administer early intervention tactics.

Currently, 21 states operate prescription drug monitoring programs.

State Action

To date, 21 states operate prescription drug monitoring programs, and 18 states are actively pursuing programs. The programs generally are administered by state agencies responsible for public health or law enforcement or by boards of pharmacy. Information contained in the database can help authorized agencies determine patterns of abuse and identify outmoded prescribing practices.

Findings can guide states in their efforts to combat abuse and addiction and can lead to new educational tools for medical professionals. To accomplish this goal, information sharing from and to the state monitoring programs needs to be multi-directional, serving both enforcement and health care providers.

State monitoring programs currently do not share prescription information with other states, which can

Components of State Drug Monitoring Programs

- Submission of data for Schedules II, III, IV and V drugs.
- Doctors, pharmacists and occupational licensing officials have access to the database.
- Access to collected data by federal, state, and local law enforcement personnel who are statutorily authorized to access the information by traditional, manual methods.
- Databases are not subject to public or open records laws.
- Individuals using state prescription drug monitoring programs receive adequate training on the system as well as training on proper prescribing practices, pharmacology, and referral of addicted and abusing patients.
- Legislation frequently includes penalties for the unauthorized use of the data.
- Out-of-state Internet or mail order pharmacies can be required to submit reports.
- Programs provide information for research, policy and educational purposes only if personally identifiable information is removed.

lead to gaps in monitoring efforts. The Integrated Justice Information Sharing Institute is working on a project funded by the Bureau of Justice Assistance to guide the implementation of future systems for exchanging data between states. Participation will provide coordination and advice between the state entities and will not require the use of state funds.

Oklahoma will be the first state to use its drug monitoring system to track the sales of pseudoephedrine, a common ingredient used to manufacture methamphetamine. Other states are looking to see how their drug monitoring programs can be used to monitor the sale of methamphetamine precursors. In Indiana, the program was successfully used in the Drug Enforcement Administration's investigation of local physicians and pharmacies suspected of providing excessive prescriptions for painkillers.

Privacy and fraud concerns have been addressed through recommendations such as including language to notify patients if their information has been lost or stolen, and others want to ensure that the program will not discourage doctors from prescribing needed pain medication or discourage patients from consulting a doctor of their choice.

Federal Action

Since 2002, Congress has appropriated funds to the U.S. Department of Justice to support the Harold Rogers Prescription Drug Monitoring Program. The program has assisted states through grants as they plan, implement or enhance a PDMP. In addition to direct funding, the grant program provides technical assistance to states and is beginning evaluation and treatment referral initiatives. State governments are eligible for grant funds if they have in place or pending an enabling statute or regulation that requires the submission of controlled substance prescription data to a centralized database administered by an authorized state agency. The program objectives are to:

- Build a data collection and analysis system at the state level.
- Enhance existing programs' abilities to analyze and use collected data.
- Facilitate national evaluation efforts.
- Encourage the exchange of information and collected prescription data among states.
- Assess the efficiency and effectiveness of programs.
- Enhance collaborations with law enforcement, prosecutors, treatment professionals, the medical community and pharmacies.

Grants under the Harold Rogers Prescription Drug Program are being administered by the Bureau of Justice Assistance.

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An IHIS project will guide implementation of future systems for exchanging data between states.

Grants from the Harold Rogers Prescription Drug Monitoring Program help states plan, implement or enhance a PDMP.

SB 196: Prescription Drug Monitoring Program

- Alaska is in the top 10 states for prescription drug abuse of individuals aged 12 and older.
- Nationally, prescription drug abuse has risen approximately 50% in the past 5 years, and unfortunately Alaska is following that trend.
- In year 2000, Alaska reported 52 prescription related deaths. By 2003 the death count increased to 103. (Federal DEA data)

The profile of a prescription drug abuser is much different than the stereotypical drug abuser. They are children taking their prescriptions to school to give or sell to classmates. They are senior citizens who take half and sell half to pay bills. More than 70% of all misused controlled pharmaceuticals are obtained for free from family members.

Because of the acceptable appearance of the individuals who abuse pharmaceuticals, it is very difficult to identify and stop the criminal activity that affects all Alaskans. This database is a tool to better identify inappropriate prescription use.

~~Timing is our advocate with this piece of legislation.~~

- Today, **40 states have active PDMPs** and most of the other 10 (including Alaska) are introducing legislation.
- Most of the negative issues have been addressed by other states and this bill **follows the best models in the nation.**
- **Federal funding is available** and with two federal program initiatives supporting statewide PDMPs.
- The State anticipates **savings in Medicaid** by reducing drug diversion by its clients. (\$86,000 in the first year)
- Private insurers, self-payors and other medical cost offsets are anticipated to **save the State \$1.4 million per year** by reducing unnecessary prescriptions. This estimate could be multiplied as additional health care costs and related criminal activities are curbed. (~~health care costs - ER doctor time, blood tests, MRIs, improved access to those who need health care~~)
- This legislation was **introduced at the request of** Alaskan pharmacists, emergency room doctors, medical associations, and many others in the medical community.

States have found that prescription monitoring programs are among the most effective tools available to identify and prevent drug diversion. Most states are finding that their doctors appreciate the information so much "you couldn't take the database away." The database is the tool for doctors and pharmacists to review a patient's controlled substance history and make better health care determinations for the patient. The database eliminates the suspicion, guessing and intuition that our medical professionals rely upon for treatment. The benefits of the data are paramount in improving health care to patients who need these medications for treatment.

All states (including Alaska) have laws and regulations that govern the distribution and handling of controlled substances. **SB 196 does not provide information to any individual who does not currently have access to this information.** The prescription drugs being tracked by this database are already provided to the federal DEA. Where the DEA uses the data to look at national trends, Alaska's database will provide local trends and will be timely information.

Limited Access: Subsection (c) identifies the individuals who may access the database. Prescribers and dispensers who are treating an individual may review that persons' record. Board staff may review the data for operational needs or to interpret reports as required. Law enforcement may only receive reports as requested by subpoena or court ordered warrant. To be provided access, legitimate users must provide adequate identification and need and receive a login ID and password from the Board of Pharmacy.

Privacy of the data is secured by a variety of technical firewalls, software, encryption and secured storage. Privacy is also supported by the language located in subsection (i) on the last page of the bill. The **amendment adopted in Senate Finance Committee** better clarifies the actions that would end in a Class A misdemeanor or Class C felony. The emphasis is placed on the individual that "knowingly" misuses the data.

SB 196 places the oversight of the Prescription Drug Monitoring Program within the duties of the Board of Pharmacy. It was placed within the Board of Pharmacy because of recommendations from many states who currently operate a similar program. The Board can best address the concerns of pharmacists who are responsible to provide the data, can provide appropriate education and training, and Board staff will be able to provide appropriate medical interpretation of reports when necessary.

Technically speaking:

- The database will track Schedule I-V controlled substances (approximately 10-15% of all prescriptions filled)
- Scheduled drugs include pain relievers, stimulants, tranquilizers, sedatives, and steroids
- PDMP does not violate HIPAA regulations regarding patient privacy
- The statute limits who can have access to the database and how the information can be used
- Misuse of the data can result in a Class A misdemeanor or Class A felony
- Data security measures will be established by the Board of Pharmacy

Intent Language: "It is the intent of the Legislature that the Alaska Prescription Drug Monitoring Program be funded with federal grants and state appropriations. It is not the intent of the Legislature that the professional users of the database absorb the costs of managing this public program through their license fees or other fee structure."

Diversion: taking a legal prescription drug and using it for other than its intended use

HIPAA: Health Insurance Portability and Accountability Act

Harold Rogers federal grants distributed by the Bureau of Justice Assistance

AMENDMENT

RECEIVED

FEB 12 2008

OFFERED IN THE SENATE
TO: CSSB 196(L&C)

- 1 Page 5, lines 18 - 22:
2 Delete all material and insert:
3 "(i) A person
4 (1) with authority to access the database under (d) of this section who
5 knowingly
6 (A) accesses information in the database beyond the scope of
7 the person's authority commits a class A misdemeanor;
8 (B) accesses information in the database and knowingly
9 discloses that information to a person not entitled to access or to receive the
10 information commits a class C felony;
11 (C) allows another person who is not authorized to access the
12 database to access the database commits a class C felony;
13 (2) without authority to access the database under (d) of this section
14 who knowingly accesses the database or knowingly receives information that the
15 person is not authorized to receive under (d) of this section from another person
16 commits a class C felony."
17
18 Page 5, following line 26:
19 Insert a new paragraph to read:
20 "(3) "knowingly" has the meaning given in AS 11.81.900;"
21
22 Renumber the following paragraph accordingly.

ALASKA STATE LEGISLATURE



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(907) 376-3370
(907) 376-3157 Fax

Senator_Lyda_Green@legis.state.ak.us

Session:

State Capitol
Juneau, Alaska 99801-1182
(907) 465-6600
Fax (907) 465-3405

Toll Free: 1-877-465-6601

SENATOR LYDA GREEN PRESIDENT OF THE SENATE

**Sponsor Statement: Senate Bill 196
Prescription Drug Monitoring Program
Sponsored by Senator Lyda Green**

"An Act relating to establishing a controlled substance prescription database."

Posted: January 15, 2008

Contact: Ginger Blaisdell, 465-5038, Professional Aide

"According to the 2002 National Survey on Drug Use and Health, if tobacco and alcohol are discounted, prescription medication ranks second only to marijuana as a source of drug abuse in the United States. Psychoactive medications are most often targeted for abuse, especially opiates intended for pain relief. For several decades, a community-based matrix of physicians, pharmacists, law enforcement entities, state medical boards and federal regulatory agencies has evolved to attempt to prevent prescription drug abuse."¹

During the past decade, 40 states have launched Prescription Drug Monitoring Programs (PDMP) with intention to curb prescription drug abuse. PDMPs provide a tool for prescribers, dispensers, law enforcement and medical boards to review drug trends. The PDMP database will provide immediate information to doctors as they review a patient's prescription needs, and pharmacists to review a customer's history before dispensing medication. This proactive approach to reviewing prescription trends will help control the availability of prescription narcotics to those who may not medically need them. Licensing boards will be able to use the data at the time of licensure and law enforcement will be able to request information as part of a court order, subpoena or affidavit for an active case.

Federal funding is available to establish and operate a PDMP and cost savings to the State of Alaska can be achieved by eliminating unnecessary prescription use. A PDMP will provide timely prescription drug information to assist in prevention of diversion and promote safe and effective health care for Alaska's citizens.

I would appreciate your support of this bill.

¹ <http://www.mayoclinicproceedings.com>



National Conference of State Legislatures

LEGISBRIEF

BRIEFING PAPERS ON THE IMPORTANT ISSUES OF THE DAY

JANUARY 2006

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National Conference
of State Legislatures

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FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 196
 () Publish Date: _____
 Dept. Affected: Health & Social Services
 RDU Health Care Services
 Component Medicaid Services

ID(File name) SB196-DHSS-MS-1-28-08
 Title PRESCRIPTION DATABASE

Sponsor GREEN
 Requester SENATE L&C

Component No. 2077

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation		Information						
	Required		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	
OPERATING EXPENDITURES									
Personal Services									
Travel									
Contractual									
Supplies									
Equipment									
Land & Structures									
Grants & Claims			(86.0)	(92.3)	(98.8)	(105.6)	(113.1)	(121.0)	
Miscellaneous									
TOTAL OPERATING			(86.0)	0.0	(92.3)	(98.8)	(105.6)	(113.1)	(121.0)
CAPITAL EXPENDITURES									
CHANGE IN REVENUES (0)									

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	(44.0)		(46.2)	(49.6)	(52.8)	(56.6)	(60.5)
1003 GF Match	(42.0)		(46.1)	(49.2)	(52.8)	(56.5)	(60.5)
1004 GF							
1037 GF/Mental Health							
Other(Specify Type-do not abbreviate)							
Other(Specify Type-do not abbreviate)							
TOTAL	(86.0)	0.0	(92.3)	(98.8)	(105.6)	(113.1)	(121.0)

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

The Prescription Drug Monitoring Program will save money in the Medicaid Agency for controlled drug prescriptions. The savings will result from a decrease in the number of prescriptions that are filled and then illegally re-sold, a practice known as "diversion." Last year expenditures in the pharmacy program reached \$68,432.0, of which \$8,600.0 were related to controlled drugs. Conservatively, the prescription monitoring program can save 1% of the controlled drug expenditures in the Medicaid program due to prevention of diversion. Therefore, savings will amount to \$86,000.0 in FY 09 if the prescription drug monitoring database is brought on line in FY 09. Year-to-year inflation in the drug program is 7%. Federal financial participation in FY10 and FY11 is slightly over 50% and 50% thereafter.

Prepared by: William J. Streur
 Division: Health Care Services
 Approved by: Karleen Jackson, Commissioner
 Agency: Department of Health and Social Services

Phone 269-7827
 Date/Time 01/25/2008
 Date 01/28/2008