

MINUTES

MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON PUBLIC HEALTH, WELFARE, & SAFETY

Call to Order: By **CHAIRMAN STEVE BENEDICT**, on March 12, 1997, at 3:24 PM, in Room 410.

ROLL CALL

Members Present:

Sen. Steve Benedict, Chairman (R)
Sen. James H. "Jim" Burnett, Vice Chairman (R)
Sen. Larry L. Baer (R)
Sen. Chris Christiaens (D)
Sen. Bob DePratu (R)
Sen. Dorothy Eck (D)
Sen. Sharon Estrada (R)
Sen. Eve Franklin (D)
Sen. Fred Thomas (R)

Members Excused: None

Members Absent: None

Staff Present: Susan Fox, Legislative Services Division
Karloyn Simpson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HJR 18, HB 149, HB 396, 3/5/97
Executive Action: HJR 18, HB 149, HB 396

HEARING ON HJR 18

Sponsor: REP. ROGER DeBRUYCKER, HD 89, Choteau

Proponents: Dennis Iverson, Pharmaceutical Research and Mfgr.
Jerome Anderson, GLAXO Wellcome Inc.
Verner Bertelsen, MT Senior Citizens Assn.

Opponents: None

Opening Statement by Sponsor:

REP. ROGER DeBRUYCKER, HD 89, Choteau, said HJR 18 asks the FDA to speed up their approval of prescription drugs.

Proponents' Testimony:

Dennis Iverson, Pharmaceutical Research and Manufacturers of America, said they are a group of research-based companies which develop, discover, and produce various categories of prescription drugs. They support HJR 18 because of the delay in getting new drugs approved for patient use and the cost associated with those delays. More than 60% of the drugs approved by the FDA, between 1990 and 1994, were first approved in other countries. At present, their companies have at least 37 drugs on which they are awaiting approval from the FDA. The average wait for approval is six years. During the 1960's, it took about 8.1 years to develop and get approval on a drug and today, it takes 14.7 years. In 1976, member companies spent \$54 million on development and approval. In 1987 the cost was \$230 million, in 1990 it was \$360 million and now, to get one new drug on the market and through the approval process, the cost is about \$400 million. Some of that cost is the result of the companies working on more complex drugs for diseases like AIDS, which take longer and cost more. In 1985, their companies were spending more than \$4 billion on drug development, and by 1996 that had grown to \$15.8 billion, and this cost will be borne by the consumer. This resolution is needed to help reduce those costs, and to do that, the amount of time waiting for approval needs to be decreased. The United States has been the leader in research and putting new drugs on the market and we need to catch up in getting those drugs approved and getting them to the patients more quickly.

Jerome Anderson, representing GLAXO Wellcome Inc, said this company is a major manufacturer of pharmaceutical products. He agrees with the testimony given by **Dennis Iverson** and urged the committee to support HJR 18.

Verner Bertelsen, representing Montana Senior Citizens Association, said this is a companion bill to the previous resolution in which they requested a study of drug pricing. If costs can be reduced that will reduce prices. He urged the committee's approval of HJR 18.

Opponents' Testimony: None

Questions From Committee Members and Responses: None

Closing by Sponsor:

REP. ROGER DeBRUYCKER, said this resolution has the approval of the senior citizens, and 20 states have already approved this resolution, and they hope to have 48 by the end of 1997. If 48 states approve of this, possibly the FDA will take the desired action. **SENATOR KENNETH MESAROS** will carry this bill.

EXECUTIVE ACTION ON HJR 18

Motion: **SENATOR DOROTHY ECK** moved HJR 18 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY.

HEARING ON HB 149

Sponsor: REP. ROYAL JOHNSON, HD 10, Billings

Proponents: Jerry Hoover, Health Facility Authority
Bob Olson, MT Hospital Assn.
Jerry Loendorf, MT Medical Assn.

Opponents: None

Opening Statement by Sponsor:

REP. ROYAL JOHNSON, HD 10, Billings, said HB 149 will slightly expand the Health Care Facilities Authority, whose function is to supply money, through tax-exempt bonds, to build facilities related to health care. This bill will expand their authority to finance buildings and clinics that are adjacent or near a hospital, that will be occupied by medical providers, doctors and related services. Presently, the Department of Commerce hires the individual who runs the program, but the Authority wants to hire that person. This bill expands the authority just enough to do the bonding on other related facilities.

Proponents' Testimony:

Jerry Hoover, Health Care Facility Authority, said he supports HB 149. It has been well edited and it accomplishes what was desired by this legislation. They have found that many small, rural health care facilities are beginning to network with one another to maintain good access to health care and reduce their costs of operation. They come to the Health Care Facility Authority for the financing of such things as computer equipment and mobile MRIs. The best way to finance this equipment is to finance the network, which is what this legislation does.

Bob Olson, Montana Hospital Association, said they support HB 149. As providers are forming integrated networks and delivery systems and starting to enter into the managed care market, the pace at which they can compete for services relies on their access to capital markets. Rural facilities in Montana do not have the ready access to capital that exists in more populous states and large facilities, and this will give us a way to get into a low-cost capital market.

Jerry Loendorf, representing Montana Medical Association, said they concur with the testimony of previous proponents and support the bill.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SENATOR CHRIS CHRISTIAENS said there has been action on HB 136, which was bonding for government services provided by a private agency, and assuming with the passage of HB 136, there is contingency language that expands HB 149. He asked Jerry Hoover to clarify this and how they will work together.

Jerry Hoover said that question needs a collaboration of the two bills. His understanding is, there will be collaborative language in HB 136 and he doesn't see any conflicts with HB 149.

CHAIRMAN BENEDICT said this bill allows the facility to go outside the State of Montana to underwrite the bonds.

REP. JOHNSON said that is correct.

CHAIRMAN BENEDICT asked what the rationale is for this.

Jerry Hoover said in over a half billion dollars of bond issues they have issued during the last 35 bond transactions, they have used an in-state trustee. On one occasion, there was a master trustee being used by the Sisters of Charity of Levenworth, and their master trustee was Mellon Bank in Pennsylvania. The Board decided to ask for this particular statute to provide for those certain occasions of that nature.

CHAIRMAN BENEDICT said he thinks it's proper and customary to allow a provider to tell the Health Facilities Authority who should underwrite their bonds.

Jerry Hoover said no, but they met that requirement by affiliating with an in-state trustee.

CHAIRMAN BENEDICT asked why do we have this language?

Jerry Hoover said because he thought it was unnecessary for them to go to that expense, which is paid by the hospital.

Closing by Sponsor:

REP. ROYAL JOHNSON said the Board of Housing probably has had the most out-of-state trusteeships and they used a Denver trustee because there was no one in Montana that could handle single family housing trusteeships. First Trust Company of Montana did the trusteeships on all of their multi-family but weren't prepared to do it on the other. That has now changed and the First Trust of Montana will have all the trusteeships of the Board of Housing. The problem with the Sisters of Charity and Sisters of Providence, is, both have their corporate offices out of the state. He referred to page 2, line 21, and said this is a worthwhile project for low cost financing.

EXECUTIVE ACTION ON HB 149

Motion: **SENATOR CHRISTIAENS** moved HB 149 BE CONCURRED IN.

Discussion: **SENATOR BOB DePRATU** said he questioned the wording "out-of-state" and thinks we need to keep services in the state, but if there is a need for an exception, that be considered instead of giving a blanket authority to go out of the state.

CHAIRMAN BENEDICT said he has those same concerns.

Jerry Hoover said that is not something they think is essential, but a lot of the amendments have to do with housekeeping in bringing the statute into play in 1997 because of what is going on in the health care industry.

Motion/Vote: **SENATOR DePRATU** proposed a conceptual amendment to lines 28-29, page 7, to remove the underlined language. The motion CARRIED UNANIMOUSLY.

Motion: **SENATOR CHRISTIAENS** moved HB 149 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY. **SENATOR CHRISTIAENS** will carry the bill.

{Comments: tape gap between hearings.}

HEARING ON HB 396

Sponsor: **SENATOR STEVE BENEDICT**, SD 30, Hamilton
(standing in for **REP. DUANE GRIMES**, HD 39, Clancy)

Proponents: **Rose Hughes**, MT Podiatric Assn.
Jerry Loendorf, MT Medical Assn.

Opponents: None

Opening Statement by Sponsor:

SENATOR STEVE BENEDICT, SD 30, Hamilton (standing in for **REP. DUANE GRIMES**, HD 39, Clancy), said HB 396 adds podiatrists to the Montana Medical Legal Panel Act.

Proponents' Testimony:

Rose Hughes, representing Montana Podiatric Medical Association, said they support HB 396. Currently the Act includes most health care facilities, hospitals, nursing homes, home health agencies, and others. (EXHIBIT 1)

Jerry Loendorf, representing Montana Medical Association, said they support this bill. The Medical Legal Panel Act was enacted in 1977 and has operated very well. It's purpose was to save money by screening mal-practice claims. The defense of a mal-practice claim can cost up to \$200,000.00, and even though most claims were ultimately determined not to have merit, they still cost people a lot of money. To bring a claim against a member of the Medical Legal Panel, first a written statement of claim must be submitted to this panel, the provider submits a short answer, all of the health care records have been obtained by the Panel, then the panel holds a short hearing and renders an opinion to the claim. When the panel finds there is no justification for the claim, the claim is dropped. The panel is made up of three attorneys and three providers.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SENATOR LARRY BAER asked how often podiatrists get sued for mal-practice.

Rose Hughes said it is seldom. It is not a huge problem but they believe, when there is a claim, more money can be spent defending it than what it's worth.

SENATOR BAER asked Rose Hughes if she feels it is in the podiatrist's best interests to pay the dues for membership on the Legal Panel.

Rose Hughes said yes.

SENATOR DOROTHY ECK asked how many more providers will want to be included in this panel.

Rose Hughes said any health care practitioner, who thinks it would be beneficial and is in a position to be sued, could ask to be included on the panel. The panel seems to be a good way to deal with these mal-practice claims.

SENATOR ECK asked if podiatrists are asking to be included because they had been authorized to do ankles.

Rose Hughes said no.

SENATOR SHARON ESTRADA said she had been thinking about the ankle bill from last session, and asked if it had passed.

Rose Hughes said it did pass.

Closing by Sponsor:

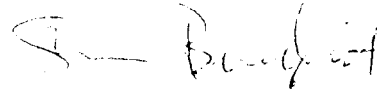
REP. DUANE GRIMES urged the committee to pass the bill.

EXECUTIVE ACTION ON HB 396

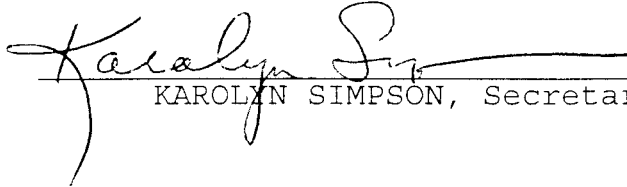
Motion/Vote: SENATOR LARRY BAER moved HB 396 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY. SENATOR MIKE HALLIGAN will carry the bill.

ADJOURNMENT

Adjournment: 4:05 PM



SEN. STEVE BENEDICT, Chairman



KAROLYN SIMPSON, Secretary

SB/ks