Interim Industry, Business and Labor Committee
Interim Study Regarding HB 1299
Chairman – Rep. Rick Berg
Hearing – August 21, 2008

Chairman Berg and members of the Committee, my name is Michael D. Schwab, Executive Vice-President of the ND Pharmacists Association. We appreciate the opportunity to present you with information that is critical to your assessment and analysis of the various aspects outlined in this study.

First, we would like to address the State Board of Pharmacy's board size, manner of appointments, and if it is representative of commercial and noncommercial pharmacists. The ND Pharmacists Association, at their 2008 convention and later confirmed by the Board of Directors, voted to support a recommendation by the ND State Board of Pharmacy to include a consumer representative and a pharmacy technician on the board. It was also discussed that if the State Board of Pharmacy at a minimum has or would have with an expiring term, a community pharmacist and a health-system pharmacist on the Board, the ND Pharmacists Association would assure, through the nomination process, that those respective practice settings would be represented in the nominations sent to the Governor for his or her consideration. Our Association does not have a preference if the ND State Board of Pharmacy decides to increase the board's size to 7 members or if it stays the same at 5 members. The State Board of Pharmacy should be moving forward with this change in legislation or we would request this Committee to do so.

The manner in which State Board of Pharmacy members are nominated is similar to other nomination processes where the membership can nominate anyone they would like, including nominating themselves. Our Association notifies each District President when it is time for nominations to begin and the President of each district notifies district members to submit nominations for consideration. Our Association also prints this process in our bi-monthly Journal which goes out to our members. The nomination process is "open" leading up to our business meetings during our annual convention, where nominations from the floor can be made prior to the nomination process being closed. The list of 5 nominees is then sent out to all Association members for a vote. The

top three vote getters are then submitted to the Governor for consideration and based on the Governor's desire an appointment is made.

In addressing the question "is the State Board of Pharmacy representative of commercial and noncommercial pharmacists," our response is, yes. There is quite a diverse and geographically dispersed group of pharmacists on the State Board of Pharmacy. Currently, there is representation from St. Alexius Medical Center (Rick Detwiller - Bismarck), Meritcare (Gayle Zeigler - Fargo), Velva Drug (Bonnie Thom – Velva), Walz Pharmacy (Laurel Haroldson – Jamestown), Thrift White Drug (Gary Dewhirst – Hettinger). Gender – 3 females and 2 males currently sit on the board.

In the past, there has been a question of our Association's mandatory membership and the fact that all pharmacists have to be members within our Association. Following the 2007 legislative session, our Association implemented an "opt-out" process to provide pharmacists with the choice of participating in the Association or the choice to not belong. To-date, we have had 26 individuals "opt-out" of our Association out of over 750 licensed pharmacists in the state. An individual can opt-out at anytime during the year and still receive a full reimbursement of dues paid ($100). We also have an "opt-in" process for those who wish to rejoin our Association. The opt-out/opt-in process was announced during our April 2007 and 2008 conventions, it was printed in our bi-monthly Journal on a couple of occasions, and it is also listed on our website (www.nodakpharmacy.net).

In an attempt to address the next section of the study regarding the impact of changing demographics in rural ND, the economic viability of rural pharmacies, patient access to low cost pharmaceuticals and the ability and reason for maintaining access to pharmacy services in rural ND, we present the following information for consideration and review.

First, we must address how important pharmacists and other healthcare providers are to rural ND. Often times, pharmacists are the only healthcare provider in that community. In some areas of the state, one pharmacy might provide services to a whole county or even two counties since he/she is the only healthcare provider left in that area. According to the National Rural Health Association, rural areas report a higher prevalence of chronic disease, including heart disease, diabetes and cancer, a finding that

has been attributed, in part, to a rural population that is older, poorer, and less educated. Rural areas also have access to fewer and a narrower range of healthcare services and this is having an impact that is quite systemic. The Center for Rural Health Policy Analysis conducted a study during 2007 called "Reliance on Independently Owned Pharmacies in Rural America" and the study showed there were 46 communities in ND that only had one pharmacy and that pharmacy was the sole source for access to pharmaceutical services in that area. The study further outlined the vulnerability of pharmacy services in rural America based on current demographics and current market conditions/trends.

Continuing the discussion of "rural pharmacy" in ND, I would like to discuss a recent study that was conducted by the NDSU Department of Agribusiness and Applied Economics in January 2007 titled "The Contribution of North Dakota's Community Pharmacies to the State's Economy." This study was conducted to quantify the economic contribution North Dakota's community pharmacists make to the state's economy and to examine the services provided. An economic contribution study estimates all relevant expenditures and returns associated within an industry.

According to the study, rural community pharmacies support 496 full-time equivalent jobs compared to urban pharmacies with 382 full-time equivalent jobs.

- Rural pharmacies had slightly fewer FTE's, with 5.9 and urban pharmacies slightly more with 7.8 FTE's per pharmacy.
- 63% of North Dakota's independent community pharmacies are in rural communities compared to 37% located in urban areas.
- 90% of rural pharmacies reported providing services for long-term care facilities, 60% of rural pharmacies provide services for assisted daily living facilities, and 27% provide services for a local hospital. Alternatively, just over 36% of urban pharmacies provide services to long-term care facilities, while zero percent (0%) provide services for a local hospital.
- Approximately 53% of total prescriptions in this study were filled by rural pharmacies versus 47% by urban pharmacies.
- Prescription sales in rural pharmacies account for 88% of sales on average.

- 95% percent of rural pharmacies and 67% urban pharmacies provide some type of on-call service. In addition, 76% of rural and 43% of urban pharmacies provide emergency on-call services for long-term care facilities, and roughly one-third of both urban and rural pharmacies provide emergency on-call services to assisted daily living facilities. Half (50%) of the rural pharmacies and zero percent (0%) of the urban pharmacies indicated providing emergency on-call services to hospitals.

North Dakota community pharmacies clearly have a critical role in the health care delivery system. Rural community pharmacies contribute nearly $224 million annually to the state's economy. Direct and secondary impacts total $907 million annually. Obviously, those contributions and the potential impact of the loss of economic contributions are important considerations and should be part of all discussions when looking at the issues surrounding this study.

Note: In December of 2005, Governor Hoeven (R) publicly stated in a letter that "...it is important for ND to maintain an adequate network of pharmacies, especially in rural areas of the state." In December of 2005, Senator Byron Dorgan (D) issued a press release that noted the "telepharmacy" program restored pharmacy services in small towns that had lost them. As a result of the telepharmacy program, fifty communities that previously had no drug store now have access to pharmaceutical services. It would be a shame if, while we have been successful in restoring or maintaining pharmacy services to fifty communities in ND, we loose that momentum and pharmacies start to close."

In addition, the United States Senate Special Committee on Aging has been taking an extensive look at "Aging in Rural America – Preserving Seniors Access to Healthcare".

Moving on to provide information regarding the pharmacy ownership provision, we would like to provide you with additional information and topics to consider when discussing the ownership restrictions and the relevance of those restrictions and the impact it has on price and availability of pharmaceuticals and pharmacists' services. Historically, the ultimate reason for the pharmacy ownership provision is to protect the public health, welfare and safety. It is the feeling of the majority members of the Association that it is necessary for professional pharmacists to control policy and

management decisions within the pharmacy. Having pharmacists as owners, preserves and protects the public health by ensuring that a pharmacist, someone who is clinically trained and educated in the profession and in science, is in control of the profession and in control of delivering pharmacy services to the public.

By a majority vote, the NDPhA Board of Directors voted in favor of the current pharmacy ownership law as written. As many of you know, not everyone within our Association agrees with our pharmacy ownership law. In an effort to make sure the minority voice is heard through this process as well, we have included some testimony from John Savageau, the Past President of the ND Society of Health-System Pharmacists. John's testimony is included in its entirety. I will only summarize what John has outlined in his testimony below.

NDSHP INTERIM LEGISLATIVE POSITION

NDSHP believes that independent retail pharmacies provide a very high level of service to the communities they serve. However, the practice of pharmacy within health systems has changed much over the more than forty years since this law was enacted. Hospitals are caring for many more patients in the outpatient setting than ever before. The days of weeklong hospital stays are for the most part a thing of the past. With the changes to healthcare, the practice of pharmacy within the health-system has also evolved. Even the name of our society has been changed to reflect the changes in the way we practice pharmacy. We used to be called the North Dakota Society of Hospital Pharmacists and we are now called the North Dakota Society of Health-Systems pharmacists. The health systems in which we practice often are made up of combinations of hospitals, clinics, nursing homes, home care, and other programs. The ability to fill prescriptions is just a natural extension of the services we are already providing. Health-systems have no desire to put up pharmacies in grocery stores or on every corner of main street. We simply want to provide pharmaceutical care in the same locations in which the rest of the patient's medical care is provided. This may include operating a pharmacy within a hospital, clinic or nursing home.

We believe the law should be amended to allow health-systems operate a pharmacy in a location in which they provide other medical care. This could be

accomplished with a separate classification of license issued to a retail store operated by a health system located within a hospital, clinic, nursing home, etc.

We believe that chain pharmacies, operated by external corporations, is bad healthcare and bad economics for the profession and citizens of North Dakota. But, the current law, the way it is structured is already allowing this to happen.

Finally, by restricting Health Systems Pharmacists from participating in the retail sector of pharmacy practice, our ability to profitably grow is restricted. The consequence of this is that it becomes almost impossible to compete in the labor market for pharmacy professionals and pharmacy technicians.

Sincerely, John Savageau RPH
Past President - North Dakota Society of Health Systems Pharmacy

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Before we move on to discuss some additional information presented by the ND Pharmacists Association, we would like to present additional testimony that was provided by Dennis Johnson, the President of the ND Pharmacy Service Corporation, in relation to this study. We have included the ND Pharmacy Service Corporation's testimony in its entirety, so I will only summarize the comments below as well.

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Chairman Berg and members of the Committee, my name is Dennis Johnson, current President of the North Dakota Pharmacy Service Corporation (NDPSC). We appreciate the opportunity to present you with information regarding the study of HB 1299.

First, let me start by providing Committee members with some information about the North Dakota Pharmacy Service Corporation. The NDPSC is a wholly owned subsidiary of the ND Pharmacists Association. The NDPSC has its own Board of Directors and is a for-profit entity. Membership is comprised of participating pharmacies in the state of ND. The Corporation is funded through individual pharmacy membership fees. The NDPSC represents member pharmacies before government agencies and major payers to promote the benefits of good pharmacy practice and the importance of adequate reimbursement. The NDPSC allows members to participate in the national PACE Alliance buying group and other activities, events and educational programs formed by its members. There are currently over a hundred and twenty (120) Pharmacy Service Corporation member pharmacies. This represents a large number of rural and urban pharmacies.

The NDPSC Board of Directors supports the ND Pharmacists Association's position on adding a consumer and pharmacy technician to the ND State Board of Pharmacy. They also support the recommendation to include at all time a community pharmacist and a health-system pharmacist on the ND State Board of Pharmacy. The NDPSC is comfortable with the current nomination process and feel the nomination process is open and fair. Currently, the ND State Board of Pharmacy is representative of commercial and non-commercial pharmacists.

The NDPSC was and still is in support of continuing the "opt-out" and "opt-in" process that was recently established to address the concern that membership is at all times mandatory within the Association. We feel this allows licensed pharmacists the "choice" of belonging or not to the Association. To-date, it is my understanding that very few have decided to exercise their right to "opt-out." While some have an issue with integrated memberships, it is implemented in other professions as well. CPA and lawyers for example have integrated memberships. Integrated membership for lawyers actually exists in over 20 states.

I would like to touch on the remaining areas of the study briefly. It is our belief that the economic viability of rural pharmacies and the reason for maintaining access to services can be clearly identified and quantified. The ND Pharmacists Association should be providing this Committee with some information that outlines in detail how important

pharmacy services are to our communities in ND. We encourage this Committee to closely take a look at the systemic affects that may occur if our ownership law were to be repealed at this point in time. One area that should have attention is the fact that when money stays within the local communities it is usually re-cycled numerous times. This should be an important factor when conducting "ownership" discussions because a lot of that money would be lost and funneled out of the state. The NDPSC Board of Directors voted unanimously in favor of the current ownership law as written for the many reasons that will be discussed here today.

The NDPSC Board of Directors and its members are committed to providing top-notch patient care services and low cost pharmaceutical products. We have consistently strived to provide prescription drugs below the national average and continue to help maintain and/or restore pharmacy services in underserved areas of the state. Generic utilization continues to be stressed and just recently the pharmacies in ND and other providers helped the ND Department of Medicaid reach another milestone in generic utilization. Generic utilization and patient education continues to be a priority for members.

Consumer satisfaction surveys over the last 10 years have shown that independent pharmacies continue to top the charts as offering the best personalized service. As an independent pharmacy owner, I take great pride in that fact.

Let's talk about "service" for a brief moment. NDPSC members continue to provide a level of service that is not seen within the walls of most publicly traded stores. ND pharmacies were ranked # 1 in the country with regards to the number of Medication Therapy Management (MTM) cases completed in 2007. This service became available with the passage of Medicare Part D in 2006. Another important program that the NDPSC has been instrumental in developing and implementing is the Disease State Management of Diabetes Program for NDPERS members with diabetes. The NDPSC helped front some of the money needed to get this program started for ND Public Employees Retirement System (NDPERS) members. It is our understanding that the ND Pharmacists Association will be providing more detailed information regarding this program.

This gives you an idea of how dedicated ND pharmacies and pharmacists are to the "practice" of pharmacy in ND and "patient care" has always been a priority.

I would also like all Committee members to keep in mind that it is not completely unusual for a "profession" to be in control of their respective profession in an attempt to preserve the profession and to make sure it does not become a loss leader. For example, you cannot open an accounting firm in ND unless you are a CPA and you cannot open a law firm in ND unless you are a lawyer. This does not mean individuals cannot go and practice in other settings, it just means you cannot own your own business unless you are a CPA, lawyer or in this case a pharmacist.

With that, I thank you for your time and attention today. I will try to answer any questions at this time.

Sincerely,

Dennis Johnson

President - NDPSC

Moving on...we would ask that you examine the impact the pharmacy ownership law has had in allowing, and preserving pharmacy services in ND. The more access the public has to health care professionals, the more likely they are to use their medications correctly and also address other potential health problems. Please note: According to the National Community Pharmacists Association, the economic cost of consumers not taking their prescription medicines correctly has been estimated at nearly $100 billion a year. The impact of non-adherence goes way beyond financial costs and leads to substantial worsening of a disease or even death.

From a rural perspective, has the ownership law helped to preserve in some communities the last remaining health care professional? The majority members of the Association believe this to be true. Some additional reasons for the pharmacy ownership law (as perceived by the majority) include: (1) Ensure competition – would national publicly traded companies invade a market and exploit the market commercially resulting in less pharmacies and less competition over time – look at national trends; (2) To keep a proper balance between professional service motives and commercial motives; (3) To

emphasize and ensure professional service and concern over what would be considered the "bottom-line;" and (4) To ensure the "patient" is always the first and last concern.

As many of you know, the pharmacy ownership law has been challenged numerous times and withstood the test of time both legislatively and legally. For informational purposes, we feel it is noteworthy to mention or highlight the "seven reasons" for the ownership requirement as meeting the test of time and reasonableness as outlined by Chief Justice, at the time, Ralph J. Erickstad.

1. The professional and ethical standards of pharmacy demand the pharmacist's concern for the quantity and quality of stock and equipment. Decisions made in conjunction with the quality and quantity of stock and equipment by non-registered pharmacist owners could be detrimental to the public health and welfare.
2. Supervision of hired pharmacists by registered pharmacist owners would be in the best interests of public health and safety.
3. Responsibility for improper action could be more readily pin-pointed when supervision is with registered pharmacist owners.
4. The dignity of a profession and the morale and proficiency of those licensed to engage therein is enhanced by prohibiting the practitioner from subordinating himself to the direction of untrained supervisors.
5. If control and management is vested in laymen unacquainted with pharmaceutical service, who are untrained and unlicensed, the risk is that social accountability will be subordinated to the profit motive.
6. The term "pharmacy" was intended to identify a particular type of establishment within which a health profession is practiced, and thus was intended to be more than a mere means of making a profit. He who holds the purse strings controls the policy.
7. Doctor-owned pharmacies with built-in conflict-of-interest problems could be restricted or avoided.

The North Dakota Chief Justice further writes "...we gather as well the Supreme Court of the United States believes that it is laudable for the Legislature to attempt to free professions to as great an extent as possible from all taints of commercialism."

Let's move on to talk about "cost" of prescriptions for a moment. There is a belief or assumption that North Dakotans pay more for their prescription drugs compared to others in the nation and it is due in part to our current pharmacy ownership law. We would like to present you with some information that has to deal with the "cost" of prescriptions drugs in North Dakota and nationally. The National Association of Chain Drug Stores conducted a nation-wide study that looked at the Community Pharmacy Profile (See figure 1). Section 3: "The Pharmacy" looked at the average price per prescription for Medicaid in ND and the average price per prescription overall. The national average for a Medicaid prescription was $77.66 and in ND it was $66.06. In ND, the average price per Medicaid prescription is $11.60 below the national average. The average price per prescription overall nationally was $72.71 according to this study. The average price per prescription overall in ND was $62.05, $10.66 below the national average.

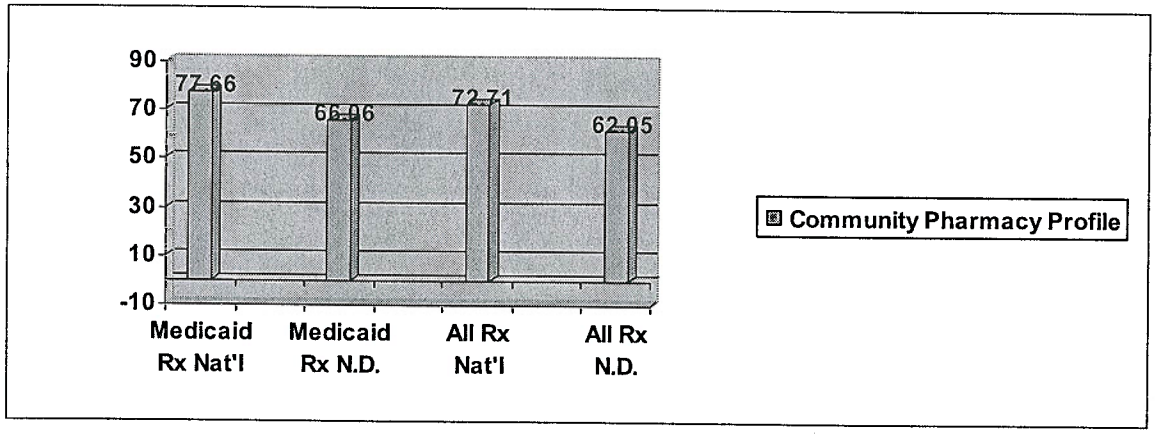


Figure 1: The Pharmacy; ***National Association of Chain Druge Stores: 2006***

In an attempt to provide you with additional prescription drug pricing information, we would like to mention a recent study that was conducted in 2007 by Novartis titled "Novartis Pharmacy Benefit Report: 2007/2008 Facts, Findings, & Forecasts. This study also outlined the average cost per prescription per state. Nationally, the average price per prescription was $77.43 and in ND the average price per

prescription was $66.64, which ranks ND in the bottom five nationally, when talking about the average cost of prescriptions (high cost to low cost). From the research we have studied, North Dakotans are receiving their prescription medications well below the national average (by over $10 a prescription)

I would also like to address a preconceived notion that exists in our great state involving the perception that because of our ownership law, graduates from the NDSU College of Pharmacy have to leave the state to find jobs in far higher numbers compared to comparable states. First, let me start by stating that North Dakota has more pharmacies per 100,000 residents when compared to the surrounding states. The following information was gathered from the Colleges of Pharmacy's in Montana, South Dakota, and North Dakota with similar population bases, geographies, and demographics. Listed below is the average number of graduates from each respective College of Pharmacy and the average number of students who stay in their respective state and those who leave to find work.

Average # of Graduates per year and graduates who stay versus leave their respective state (MT, SD, and ND). (See Figure 2 on the next page)

- SD graduates on average 60-64 students per year. SD states that about 50% of the graduates stay in SD. This represents on average 31 graduates who stay in the state and 31 graduates that leave the state for work.
- MT graduates on average 62-66 students per year. MT conducts exit surveys and the results from 05-06 show that of the 48 graduates whom responded, 18 stayed in MT and 21 left the state for work. On average, 40-50% of graduates stay in the state, which represents an average of 32 graduates per year, according to the College.
- ND graduates on average 84-88 students per year. Please note: NDSU College of Pharmacy graduates 20 more students per year on average. An average of 35-40% of those graduating, stay in ND, which translates into an average of 30-32 graduates. This is very close to the same rate of retention as the UND School of Medicine for retaining physicians to practice medicine in ND. You can see the

numbers are very comparable to MT and SD. It is somewhat difficult to measure apple and apples in this scenario since North Dakota graduates 20-30 more students that Montana or South Dakota.

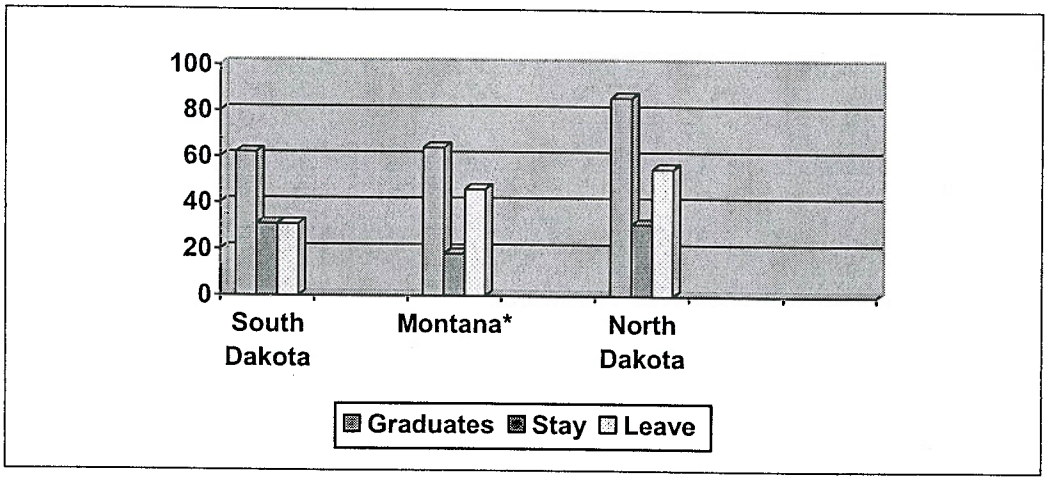


Figure 2: Number of Graduates/Stay/Leave the State

When talking about the statutory interplay between the State Board of Pharmacy and the ND Pharmacists Association and whether the regulatory function of the Board conflicts with the advocacy function of the Association, we would comment that in ND, a relationship has developed between the ND State Board of Pharmacy, NDSU College of Pharmacy, and the ND Pharmacists Association that has helped advance the pharmacy profession on multiple levels. It is because of this relationship that ND is a leader in patient care services and the delivery of quality products. We do not see the regulatory function of the board conflicting with the advocacy efforts of the Association. They have their job to do and we have ours. However, the NDSU College of Pharmacy and the ND Pharmacists Association understand the importance of having a working relationship with the State Board of Pharmacy. A "working" relationship is not always seen in other states and it has prevented or slowed the profession of pharmacy from advancing to the next level at times. We don't always agree on every issue, nor should we, that wouldn't be healthy either. We do however share the same ethics and morals when it comes to the practice of pharmacy in ND.

Additional Information for Consideration

We would like to provide you with some additional information we feel is extremely important when talking about the profession of pharmacy in ND.

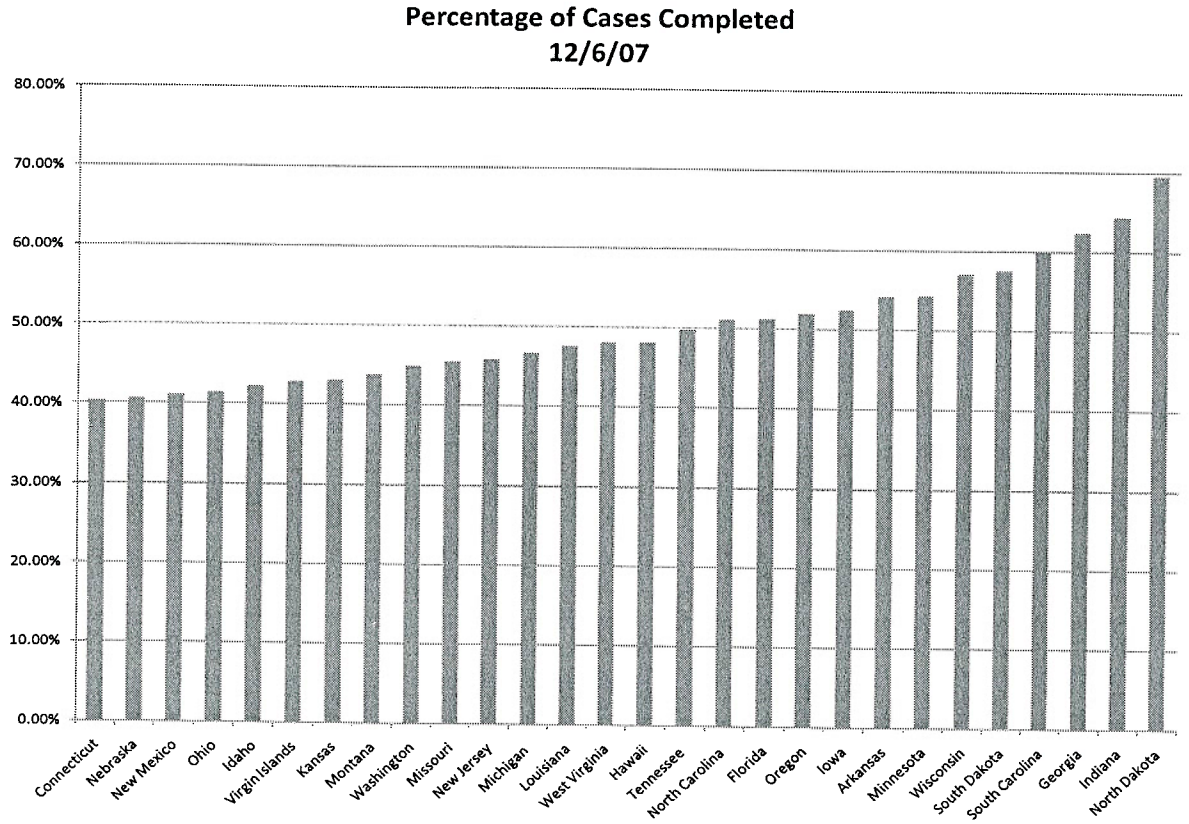
First, we would encourage this Committee to look at possible tax implications if the ownership law was to be overturned. The Office of the Tax Commissioner did some preliminary checking as to what, if any, potential effect a change in the ownership law would have in ND because most of the hospitals are non-profits and most publicly traded companies take their money out of the state to corporate headquarters. Based on rough figures provided by the Office of the Tax Commissioner, if the ownership law were to be overturned and hospitals were able to open up pharmacies, there is a potential for a "for-profit" pharmacy to be replaced with a pharmacy that would be run by a "non-profit" entity which would cause a couple hundred thousand dollars of lost income tax to the state (as a low estimate). Systemically, there is the potential for an even greater loss of monies for some communities, especially rural communities in ND. This estimate was only figured based on the assumption that some of our current "for-profit" pharmacies would be replaced with "non-profit" run organizations/businesses (hospitals). No estimates were gathered if publicly traded companies were to enter the market and possibly take their money elsewhere. This committee may want to explore this further.

Second, we present you with some "consumer satisfaction" information to also consider when conducting your study. Consumer Reports magazine has conducted "consumer satisfaction" surveys on pharmacy services since 1998. Since the survey's conception, consumers have ranked independent pharmacies # 1 overall in personal service. Again in June of 2008, Consumer Reports conducted their consumer satisfaction survey and once again, independent pharmacies were ranked #1 above all other types of pharmacy stores. For 10 years in a row consumers have ranked independent pharmacies as providing the best personalized service.

Finally, we offer some information that helps demonstrate how innovative and dedicated ND pharmacists have been when it comes to "taking care of patients and communities in ND."

The passage of Medicare Part D brought about the ability for pharmacists to provide Medication Therapy Management (MTM) services. MTM is basically when a

pharmacist sits a patient down and provides a thorough review of all their medications with them and provides appropriate recommendations when necessary. It has been proven that MTM services help save money on multiple levels and provides an avenue to review a patients medications and if they are taking them properly. Again, medication non-adherence costs this country over $100 billion annually. It is important to note that with the passage of Medicare Part D, pharmacists now have the ability to provide MTM services to Part D patients. During 2007, North Dakota pharmacists completed the highest percent (%) of MTM cases when compared to all the other states in the country! Using Mirixa's software, our pharmacists helped hundreds of consumers each week, from starting new medications, to adhering to treatment plans, managing treatment changes and providing recommendations to a patient's primary physician for consideration, ND pharmacists were ranked # 1 in the country in providing MTM related services to eligible Part D enrollees.



When talking "services" to communities, we must bring Telepharmacy into the picture. Through the ND Telepharmacy Project, a licensed pharmacist at a central pharmacy site supervises a registered pharmacy technician at a remote telepharmacy site through the use of video and audio conferencing technology. The pharmacist communicates face-to-face in real time with the pharmacy technician and the patient through audio and video computer links. Telepharmacy expands access to quality health care to communities, primarily in rural, medically-underserved areas. The ND Telepharmacy Project is a collaborative effort between the ND Pharmacists Association, the ND State Board of Pharmacy and the NDSU College of Pharmacy, Nursing and Allied Sciences with the College taking the lead. As of January 2006, 57 pharmacies are involved in the ND Telepharmacy Project. Of the 57 pharmacies involved, 44 are retail pharmacies and 13 are small hospital pharmacies. Thirty-three counties (62% of the counties in ND) are involved in the project. Approximately 40,000 rural citizens have had their pharmacy services restored, retained or established through the ND Telepharmacy Project since its conception. The Project has restored valuable access to health care in remote medically underserved areas of the state and has added approximately $12 million in economic development to local rural economies including 40-50 new jobs. This all has taken place in approximately the last 6 years or so. North Dakota has been a leader in establishing the Telepharmacy Project and was the first state to approve administrative rules for this kind of a project. North Dakota is currently going to expand Telepharmacy services to Critical Access Hospitals in ND and Catholic Health Initiatives is taking the lead in this endeavor. If the pharmacy ownership law were to be overturned, what affect would that have on the viability and expansion of these critical services in rural ND?

Before I conclude, we would like to mention another program the ND Pharmacists Association, along with other program partners have been instrumental in developing and implementing called the Disease State Management of Diabetes – A Collaborative Health Care Approach (DSM Program). This program was developed based on the passage of HB 1433 during the 2007 legislative session. The U.S. population is living longer and the prevalence of chronic disease is increasing in dramatic numbers. The health care system relies heavily on the use of prescription medications to bring chronic conditions under control. Many patients live with multiple chronic

conditions that require them to be in contact with a number of health care providers and institutions. The scale of this at-risk population is enormous and growing and the opportunity for improvement is great. The DSM program is an attempt to try and address some of these very serious problems as they relate to a chronic disease called diabetes. Through this program, a licensed pharmacist certified in diabetes care will coach eligible patients on how to self-manage their diabetes through a series of patient face-to-face visits – typically 6 per year. We strongly believe nothing works better than personal service/contact. The pharmacist provider will be tracking clinical, humanistic and economic outcomes to evaluate the return-on-investment using the exact same technology for consistency. This program is currently being offered to NDPERS members that have diabetes. Similar "disease state management" programs across the country have shown a return on investment as low as 2:1 and as high as 12:1.

We started this effort with hopes of having 30-40 provider locations in the state and roughly 75 providers between those sites. We ended up having over 80 provider sites and over 250 certified providers. To our knowledge, we are the first state to set up a statewide network of providers to offer this kind of service. The degree of participation is unbelievable and we could not be more satisfied with the interest, willingness, and dedication by the pharmacists in the state to provide this type of service to their patients. We are excited to see the return on investment for the NDPERS group one year from now and further down the road. We will be following this program very closely.

In conclusion, the ND Pharmacists Association hopes that we have provided you with valuable information to review while conducting this study. As we all know, "health-care" is not only a social issue, but an economic and scientific issue as well. All three need to be carefully evaluated. As the public interest in these issues intensifies, we must take care that we do not lose sight of what is good about our system in ND as we try to address the concerns that exist. If a "need" is not being met, then we must address that "need." We would, however, ask that you thoroughly evaluate both methods of service delivery and not simply replace one provider for another based on pressure without evaluating what is best for ALL consumers in ND.

The ND Pharmacists Association will continue to advocate for reasonable prescription costs, quality care, and access to services for ALL. Moreover, even putting

aside the scope and technical complexities of the issues we face, the types of reforms we choose will depend significantly on value judgments and the tradeoffs made among scientific, economic and social objectives. We feel that one cannot look at one area without looking at the other.

When talking about the profession of pharmacy in ND and looking at ways to reform health care, we ask that you take care to maintain the vitality and spirit of innovation that has been its hallmark in ND.

Thank you for your time and attention regarding this important matter. I would be more than happy to try and answer any questions that you may have.

Respectfully Submitted,

Mike Schwab

Michael D. Schwab
Executive Vice-President
ND Pharmacists Association

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11. Kathryn L. Strombeck: Research Analyst: Office of Tax Commissioner (kstrombeck@nd.gov)

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Please Note: Our office also has additional contact information and documentation. If Legislative Council would like us to produce such documentation, we would be happy to do so.