

CITY COUNCIL
INFORMATION COMMITTEE MEETING MINUTES
Wednesday, February 18, 2009

ALDERMAN PRESENT:

Patti Martinson, Deb Hadcock, Karen Gundersen Olson, Ron Kroeger, Lloyd LaCroix, and Malcom Chapman.

STAFF PRESENT:

Jason Green and Katie LeClair.

(NOTE: For the sake of continuity, the following minutes are not necessarily in chronological order. All referenced documents are on file with the Master Minutes.)

Council President Hadcock opened the Informational Committee Meeting at 12:30 p.m. in the Council Chambers at City Hall, 300 Sixth Street, Rapid City, SD 57701.

TOPIC: Prescription Drug Coverage.

City Council President Deb Hadcock opened the meeting and welcomed presenters; Mr. Kurt Rising, owner of the Medicine Shoppe Pharmacy; and Ms. Jo Prang, owner of Medicap Pharmacy, and turned the floor over to Alderman Malcom Chapman.

Chapman thanked Council President Hadcock and stated that a few months ago while at a National League of Cities meeting he learned of the CVS Pharmacy prescription drug discount card (CVS Pharmacy Card) endorsed by the National League of Cities. Chapman stated that he brought the information back and the CVS Pharmacy Discount Card on the agenda to go through the approval process. He stated the program could offer a twenty-percent discount to certain citizens in the community on certain medicine. Chapman continued, stating that he understood there are twenty-three local pharmacies that would accept the card. Chapman stated that it seemed like a good idea until he started hearing from local pharmacists who had questions and concerns. Chapman stated that a small pharmacist group [of local pharmacists] was put together to look at the National League of Cities [Pharmacy Discount Card] program and look at what was being done in the community already. Chapman stated that Rising and Prang had agreed to make the presentation today. He continued by stating that this issue is continued to the March 2, 2009 City Council Meeting and that is when the council members will make a decision.

Curt Rising, owner and pharmacist of the Medicine Shoppe Pharmacy, one of the five independently owned pharmacies in Rapid City, took the floor. Rising stated that nearly all of the pharmacies in town offer a prescription discount card. He stated that the discount cards that are already offered are roughly equivalent to and/or often times better, than the CVS Discount Card would provide, especially on generic medicines. He stated that there are a lot of programs, other than the discount cards, that are offered. He stated that there are programs that drug companies put out. Rising stated that the income guidelines for said programs are many times higher than might be expected. He continued by stating that he has seen the income guidelines allow people

[who earn] in the mid \$40,000 a year. Rising stated that if an individual qualifies for the programs, they could potentially receive their prescription for free.

Rising continued, stating that in many instances with a discount card, the price that comes back is higher than he would normally charge. He gave the example that the card may say to charge thirty dollars where he would normally charge fifteen dollars. He stated that in many instances the discount card might claim that they save twenty-percent when that is not, in actuality, the case. Rising stated that in his opinion the potential discount card might cost individuals more than excising discount cards. Rising also stated the potential program may cost the city to train someone. Rising continued, stating that if the city does adopt the proposed prescription discount card, a clause that excludes mail-order should be added to the contract. He stated that mail-order would not be in the best interest of the city, state or his business.

Council President Hadcock opened the floor up for questions.

Alderman Olson asked if when Rising described himself as independent, he mean that he had a franchise. Rising replied that he does have a franchise agreement. Olson asked if that meant that Rising operates his business independently but uses some common resources, such as advertising. Rising stated that he gets some direction from Medicine Shoppe International pertaining to marketing and questions with insurance companies; however, they [Medicine Shoppe Pharmacy's] are all independently owned. Olson asked if Rising had the ability to price. Rising responded that he had complete ability to price however he wanted.

Alderman Kroeger stated that he understood from Rising's presentation, that basically all of the pharmacies have prescription drug cards in place. Kroeger asked if the pharmacies make the discounts available known to the people when they come in. Rising stated that they have coupons available that people can come in and grab and a discount card, which is advertised nearly every weekend in the paper. Kroeger asked if Rising felt that the discount cards that are already available are more beneficial than the proposed discount card. Rising replied that he did.

Alderman LaCroix asked about Rising's example where he might sell a prescription drug for fifteen dollars and someone comes in with a discount card and their price is thirty dollars. Rising replied that he may charge fifteen dollars for a prescription, which he feels is a fair price, and when he submits it to the insurance company, they say that it is going to be thirty dollars for this patient. LaCroix discussed that the company that he works for prefers that they use mail-order [services for their prescriptions, and order a] three months [supply] at a time. Rising stated that mail-order programs will not accept discount cards. LaCroix asked if Rising sees a lot of people come in with discount cards. Rising stated that there are a few, however, with Medicare Part D programs for seniors and the number of people with prescription drug coverage, there are fewer and fewer cash paying customers. LaCroix asked if the bottom line was, if someone comes in and explains their situation, they [the pharmacist] can help them. Rising replied that, yes, he can save the customer more than mail order and usually more than discount prescription drug programs.

Council President Hadcock asked if there were any more questions. There were no additional questions for Rising.

Hadcock asked what was being offered out of state that [caused] local pharmacies to lose business. Rising stated that there are many misconceptions. He stated that many people think that they will save twenty-percent over all; however, the discount is usually based on an “average whole sale price.” Rising continued, stating that no one has charged the “average whole sale price” in ten years. He stated that Prang would have more examples in her presentation. Hadcock asked how the mail-order pharmacies are able to give better discounts. Rising stated that the mail order companies get discounts because they are able to order in such large volume. Rising also stated that often times the mail-order companies charge the same amount as other pharmacies. Hadcock asked if Rising goes to nursing homes and shares this information. Rising stated that he does, especially when it comes time to sign up for Medicare Part D. Rising stated that there is a difference between insurance and discount cards. He stated with that with insurance they pay for part of the prescription, with a discount card the individual receives a discount, which is usually minimal. Hadcock asked if the discount cards could be used with insurance. Rising stated that most of the cards state that they cannot be used in conjunction with any state endorsed program.

Council President Hadcock welcomed Ms. Jo Prang of Medicap Pharmacy of the Black Hills to the floor.

Prang took the floor and stated that discount cards are not discount cards. She continued, stating that mail order is cheaper labor. Prang stated that the State of South Dakota allows mail order pharmacies to have four technicians per pharmacist, where the retail pharmacist is held to two technicians per pharmacist. She stated that the mail-order pharmacist can have four people working at a lesser wage and save money. Prang continued, stating that all but one of the pharmacies in town already have a discount card, and that that pharmacy will match prices. Prang stated that what we are talking about are the uninsured population. She continued, stating that 95 percent of the people that come into the pharmacy have insurance. She stated that there are hundreds of discount cards out there, and her businesses answer to that was offering their own discount card. It is set up online to offer the same prices as their competition. She stated that the retail pharmacy offers a level of service that other places don't, such as deliveries and counseling. She stated that they have a lot of people who get their prescription through mail-order and ask questions.

Prang continued, stating that they do a lot of counseling, from November 15th to December 31, each year assisting seniors in picking the right Medicare Part D program. She stated that there are some drugs that are not covered by Medicare Part D, however, that is a place where the discount card could be used—and they do that. Prang stated that everyone who comes into them and needs assistance gets assistance. She stated that just last night a man came in with a Viagra prescription, however, it was \$145 and he could not afford it. Prang stated that she told the man about a program through which he could possibly get his prescription for free at Viagra.com. She stated that she printed off the application for him to complete.

Prang continued by stating that the South Dakota Department of Social Services has a program to assist people with getting brand name prescription drugs, single making \$18,000 or a couple making \$24,000 a year. She stated that people can fill out the application online. Prang also stated that there are links to other programs on the website. She stated that her pharmacies help

people by referring them to that website, and at least five other pharmacies in Rapid City do the same.

Prang mention a *Fight for RX* program going on right now to encourage people to shop local. She stated that there are advocates for community pharmacies.

Prang continued, stated that she ran a comparison between the prices offered at CVS and the prices offered with her discount card, based on a three month supply. She stated that she used her mother as an example, thinking of some drugs she might use. She stated that she looked up a prescription for Prempro, a brand name hormone medicine. Prang stated that the price to fill a three month prescription for Prempro, with her discount card, was \$163.51. She stated the price on the CVS website was \$159.17, for the same quantity. The next drug that Prang discussed was Avapro 300, another name brand drug. She stated that her price was \$229.26, while CVS's price was \$222.72. Prang stated that her true cost on the drug was \$220.26. The next example that Prang presented was a generic blood thinner. Prang stated the price with her prescription discount card was \$12.99, while the cost on the CVS website was \$36.20, again for three months. Her true cost was \$8.14. Prang stated that the mail-order pharmacies can offer the prices they do on the brand name prescriptions, because of their markup on generics.

Prang stated that she does not see the proposed CVS discount card as an advantage over what is already in place. She also stated that she does not think that it will be a no cost program as they city will have to have the cards in place, train someone, and have someone that can answer question. She stated that she is thankful that the council allowed her to be here today and to talk to the council about the issue.

LaCroix that Prang's examples were eye opening. He stated that he appreciated her presentation on the mail order prices on name brand vs. generic prices, vs. local prices. LaCroix thanked Chapman for bringing up the prescription drug discount card topic, because it allowed him to get more information.

Prang discussed the possibility of getting on the 211 program. She stated that they probably have not advertised the discount card program as much as the larger pharmacies. However, Prang stated that most of the people who come to her have insurance or Medicare Part D. She stated that they also know if they have a prescription that is not covered, she will do something about it. LaCroix mentioned Rising and Prang giving their presentation at one of the city wide programs or the North Rapid Civic Association.

Prang discussed an example, why it is important to have Medicare Part D. She stated that she had a patient who did not sign up for Medicare Part D and he had a clot in his arm. She stated that the doctor put him on a thousand dollar drug, and after one shot, the doctor discontinued the drug. She stated that they did not tell her what happened. She stated that she did not know until she saw their daughter. Prang stated that if the man had signed up for Medicare Part D the drug would have been fifty dollars. Prang stated that some people won't sign up for Medicare Part D because they view it as welfare. She stated that it is not welfare; it is there for people's protection, and they need to think of it as an insurance card.

Chapman stated that the National League of Cities prescription drug discount card was born because there were approximately 40 million people without prescription drug coverage in 2006. Chapman stated they asked how cities and counties could get involved. He continued, stating that when the program was first started, they thought it was important so that the people within the community without insurance could potentially get a twenty percent discount. Chapman stated that those are the people that they are thinking about serving. Chapman stated that he thought that is what they were doing when he brought the program back.

Chapman stated that he has been contacted by five different communities throughout the country who have heard about the concerns that Rapid City has regarding the discount card. He stated that he discussed Rapid City's concerns with them, and they have gone forward with the program. Chapman stated that Caremark and the National League of Cities have guaranteed that once people go on the program they will not be contacted by the mail-order portion. Chapman stated that the biggest concern is that the business will be taken out of our community. He continued, stating that he respects that if a local program which would send people to local and chain pharmacies in Rapid City were put together, opposed to bringing in the discount card program. Chapman stated that either way, the goal is the same, to help people who don't have discounts on their prescription medicines.

Chapman continued, stating that he considers himself to be "in the know," and if he did not know and understand what was already available. He continued, stating that there needs to be some education program component that gets the information out to those who would benefit. Chapman stated that perhaps this information could be listed on the city website. He continued that there needs to be more awareness in the community.

Prang suggested listing the information in people's water bills.

Chapman stated that we need to enlarge the pool of people who know that the programs exist. He stated that he brought the issue forward and placed it on the agenda. He stated that he does not have a problem—based on what he heard—with encouraging the council not to vote for approval of this [prescription drug discount card] program. At the same time, Chapman challenged the council to come up with a way to get the word out even more.

Olson stated that they discussed the discount card. She asked if they offered a discount to every person that comes into them. Rising discussed the different ways that he works with people, from offering a discount card, to suggesting they participate in Medicare Part D.

Prang stated that at times, when a person cannot afford a prescription, she has called to see if a generic could be prescribed or sent the person back for samples.

Hadcock thanked the presenters for the information and asked for more questions. There were none and City Council President Hadcock adjourned the meeting at 2:00 pm.