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Kansas, Counties Collaborate on Drug Purchases

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In one Kansas county, a 5 mg tablet of Zyprexa cost \$5.18. That same tablet would cost \$11.14 in another county.

That was before Kansas state and county officials got together to purchase prescription medicines in a collaborative effort.

“Pharmaceutical costs for jail inmates and state prisoners were becoming a budget buster for the state and counties,” said Randall Allen, executive director of the Kansas Association of Counties. “We came together at the table around a common need. ... There were data available to describe the devastating financial impact of higher costs.”

In December 2004, the Kansas Department of Corrections negotiated with its contract health care provider, Correct Care Solutions, to offer bulk pharmaceutical pricing to state and local governments through CCS’s pharmaceutical provider, Diamond Pharmacy Services.

While the state has seen no financial gain, according to Viola Riggan, contract consultant with the Kansas Department of Corrections, the program has saved more than \$7 million statewide, \$4 million for the state, and small rural counties saving as much as \$6,000 a month and larger metropolitan areas saving more than \$200,000 a month.

The program, the **Kansas Pharmaceutical Collaborative**, will be recognized with a CSG Innovations Award for the Midwest region.

Betsy Gillespie, director of the Shawnee County Jail, said there are 95 county jails in Kansas “and there is no centralized system for county jails to talk to each other and have someone who can provide advice.”

Enter TeamTech Inc., a Kansas-based consulting firm.

Kathleen Harnish-Doucet, a TeamTech facilitator, said Gov. Kathleen Sebelius wanted to streamline state government.

“All services really are local and if you were going to truly streamline government, you have to work through the state to the local level,” Harnish-Doucet said.

It was at the first state-county Health and Human Services Summit that officials picked a project to demonstrate collaboration does work. County representatives discussed the ever-rising cost of providing health care to inmates, according to the state’s Innovations program application. The population of prisoners with mental health issues has increased significantly in the past few years due to the closing of a state mental hospital, according to Allen.

Mark Zilner, operations director for Diamond Pharmacy Services, said some Kansas counties have seen savings up to 60 percent over pricing at local pharmacies.

Fast Facts

- The Kansas Pharmaceutical Collaborative has saved the state and local jails more than \$7 million since it was implemented in December 2004.
- The Cooperative uses the state’s bargaining power with a private contractor to negotiate savings to smaller agencies (state and local governments).
- The program requires no additional funding at the state or local level.
- Colorado has adopted the method and utilized the Kansas Department of Corrections bid structure to offer the same discounts to its local governments.

But that success wouldn’t have happened if the right people hadn’t been at the table for negotiations.

“There’s way too much history on having the county and state in adversarial roles,” Gillespie said. She credits the governor for setting the tone for discussion.

“When this took off was when the state got up from the chairs around the tables and the counties sat down and the state gave assistance,” said Joel Wright, a team facilitator with TeamTech. “A lot of people had to visualize their roles differently,” said John Waltner, special projects director for Harvey County, Kans.

Harnish-Doucet said for a successful collaborative government effort within the state, “you’ve just got to get out and meet people.”

Riggan said a key was getting information out about the success of the program. Zilner said it was not a “high pressure sale” to the counties, but his company did a cost analysis and provided counties with the information. Some county officials, skeptical at first, eventually signed up to participate.

Waltner, who is also mayor of Hesston, Kans., said the Collaborative “seems to point to a way local governments can get good information to make good decisions that have to do with the specific things they’re dealing with.”

Harnish-Doucet said the state will look at other areas where state and local governments can work in a collaborative manner.

To learn more about the Kansas Pharmaceutical Collaborative, visit www.KansasCollaborative.com.

