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# HOUSE BILL No. 1411

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-7-1; IC 16-18-2; IC 16-19-13; IC 16-46-10-2; IC 16-46-12.

**Synopsis:** Health program funding. Adds an additional two cents per pack tax on cigarettes. Provides that the additional revenue shall be deposited in the state general fund. Increases the amount of the appropriation from the state general fund for the Women, Infants, and Children (WIC) program, the Maternal and Child Health (MCH) services program, the school age child care project (SACC), and the local health maintenance fund. Creates and funds additional nutrition programs for persons eligible for MCH services. Allows MCH funding to go to programs other than pregnancy care and delivery. Creates the  
(Continued next page)

**Effective:** July 1, 1999.

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**Day**

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January 12, 1999, read first time and referred to Committee on Ways and Means.

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Digest Continued

community health care center fund, which is to be administered by the state department of health. Provides funding for the community health care center fund from the state general fund. Authorizes the community health center fund to grant funds to community health centers for the planning or establishment of a new center, the expansion of a center, the operating expenses of a community health center, and other similar purposes approved by the department of health. Establishes the local health department development fund. Authorizes grants to local health departments for training, research, equipment, and development of the departments. Provides an annual appropriation to the local health department development fund to cover the grants.

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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

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## HOUSE BILL No. 1411



A BILL FOR AN ACT to amend the Indiana Code concerning health and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-7-1-12 IS AMENDED TO READ AS FOLLOWS  
 2 [EFFECTIVE JULY 1, 1999]: Sec. 12. (a) The following taxes are  
 3 imposed, and shall be collected and paid as provided in this chapter,  
 4 upon the sale, exchange, bartering, furnishing, giving away, or  
 5 otherwise disposing of cigarettes within the state of Indiana:  
 6 (1) On cigarettes weighing not more than three (3) pounds per  
 7 thousand (1,000), a tax at the rate of ~~seven~~ **eight** hundred  
 8 seventy-five thousandths of a cent (~~\$0.00775~~) (**\$0.00875**) per  
 9 individual cigarette.  
 10 (2) On cigarettes weighing more than three (3) pounds per  
 11 thousand (1,000), a tax at the rate of one and ~~three-hundredths~~  
 12 **sixteen hundredths** of a cent (~~\$0.0103~~) (**\$0.0116**) per individual  
 13 cigarette, except that if any cigarettes weighing more than three  
 14 (3) pounds per thousand (1,000) shall be more than six and  
 15 one-half (6 1/2) inches in length, they shall be taxable at the rate



1 provided in subdivision (1), counting each two and three-fourths  
2 (2 3/4) inches (or fraction thereof) as a separate cigarette.

3 (b) Upon all cigarette papers, wrappers, or tubes, made or prepared  
4 for the purpose of making cigarettes, which are sold, exchanged,  
5 bartered, given away, or otherwise disposed of within the state of  
6 Indiana (other than to a manufacturer of cigarettes for use by him in the  
7 manufacture of cigarettes), the following taxes are imposed, and shall  
8 be collected and paid as provided in this chapter:

9 (1) On fifty (50) papers or less, a tax of one-half cent (\$0.005).

10 (2) On more than fifty (50) papers but not more than one hundred  
11 (100) papers, a tax of one cent (\$0.01).

12 (3) On more than one hundred (100) papers, one-half cent  
13 (\$0.005) for each fifty (50) papers or fractional part thereof.

14 (4) On tubes, one cent (\$0.01) for each fifty (50) tubes or  
15 fractional part thereof.

16 SECTION 2. IC 6-7-1-28.1 IS AMENDED TO READ AS  
17 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 28.1. The taxes,  
18 registration fees, fines, or penalties collected under this chapter shall  
19 be deposited in the following manner:

20 (1) ~~Seven thirty-firsts (7/31)~~ **Twenty and two-tenths percent**  
21 **(20.2%)** of the money shall be deposited in a fund to be known as  
22 the cigarette tax fund.

23 (2) ~~One thirty-first (1/31)~~ **Two and eighty-nine hundredths**  
24 **percent (2.89%)** of the money shall be deposited in a fund to be  
25 known as the mental health centers fund.

26 (3) ~~Fourteen thirty-firsts (14/31)~~ **Fifty and ninety-four**  
27 **hundredths percent (50.94%)** of the money shall be deposited  
28 in the state general fund.

29 (4) ~~Nine thirty-firsts (9/31)~~ **Twenty-five and ninety-seven**  
30 **hundredths percent (25.97%)** of the money shall be deposited  
31 into the pension relief fund established in IC 5-10.3-11.

32 The money in the cigarette tax fund, the mental health centers fund, or  
33 the pension relief fund at the end of a fiscal year does not revert to the  
34 state general fund. However, if in any fiscal year, the amount allocated  
35 to a fund under subdivision (1) or (2) is less than the amount received  
36 in fiscal year 1977, then that fund shall be credited with the difference  
37 between the amount allocated and the amount received in fiscal year  
38 1977, and the allocation for the fiscal year to the fund under  
39 subdivision (3) shall be reduced by the amount of that difference.

40 SECTION 3. IC 6-7-1-30.2 IS AMENDED TO READ AS  
41 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 30.2. (a) There is  
42 annually appropriated to the state department of health ~~one five~~

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1 hundred ~~ninety~~ thousand dollars (~~\$190,000~~) **(\$500,000)** from the state  
 2 general fund for the purpose of providing supplementary funding for:

3 (1) the WIC (Women, Infants, and Children) program (42 U.S.C.  
 4 1786) in Indiana; **and**

5 (2) **nutrition programs for persons in Indiana eligible for**  
 6 **Maternal and Child Health Services under 42 U.S.C. 1786.**

7 The appropriation shall be administered by the nutrition division of the  
 8 state department of health and shall be allocated to fund local WIC  
 9 programs **and nutrition programs for persons in Indiana eligible for**  
 10 **Maternal and Child Health Services under 42 U.S.C. 1786.**

11 (b) There is annually appropriated to the state department of health  
 12 ~~one five~~ hundred ~~ninety~~ thousand dollars (~~\$190,000~~) **(\$500,000)** from  
 13 the state general fund for the purpose of providing supplementary  
 14 funding for maternal and child health services. The appropriation shall  
 15 be administered by the maternal and child health division of the state  
 16 department of health. The funds appropriated under this subsection  
 17 must be used to:

18 (1) supplement federal Maternal and Child Health Services Block  
 19 Grant funds provided under 42 U.S.C. 701 et seq. for the purpose  
 20 of establishing and maintaining programs of pregnancy care **and**  
 21 **other services provided through Maternal and Child Health**  
 22 **Services Block Grants** in underserved areas of Indiana; and

23 (2) provide funding for the hospital and medical expenses  
 24 connected with the delivery of children whose parents are eligible  
 25 for services that may be reimbursed with funds provided under  
 26 the federal Maternal and Child Health Services Block Grant  
 27 Program (42 U.S.C. 701 et seq.).

28 (c) There is annually transferred to the school age child care project  
 29 fund established under IC 12-17-12-7 from the state general fund ~~five~~  
 30 ~~hundred fifty thousand dollars (\$550,000)~~ **one million two hundred**  
 31 **thousand dollars (\$1,200,000)** for carrying out the purposes of the  
 32 school age child care project.

33 SECTION 4. IC 6-7-1-30.5 IS AMENDED TO READ AS  
 34 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 30.5. (a) There is  
 35 annually appropriated to the local health maintenance fund established  
 36 by IC 16-46-10 ~~two five million three two hundred seventy~~ thousand  
 37 ~~dollars (\$2,370,000)~~ **(\$5,200,000)** from the state general fund to  
 38 provide funds for annual distribution to local boards of health in  
 39 accordance with IC 16-46-10-2 to enable local boards of health to  
 40 provide basic health services.

41 (b) The state department of health may retain annually a maximum  
 42 of fifty thousand dollars (\$50,000) of the total appropriation to the local

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1 health maintenance fund under subsection (a) to pay administrative  
2 expenses incurred by the state department of health in distributing the  
3 funds to local health departments.

4 SECTION 5. IC 16-18-2-64.7 IS ADDED TO THE INDIANA  
5 CODE AS A NEW SECTION TO READ AS FOLLOWS  
6 [EFFECTIVE JULY 1, 1999]: **Sec. 64.7. "Community health  
7 center", as used in IC 16-19-13, has the meaning set forth in  
8 IC 16-19-13-1.**

9 SECTION 6. IC 16-18-2-143 IS AMENDED TO READ AS  
10 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 143. (a) **"Fund", for  
11 purposes of IC 16-19-13, has the meaning set forth in  
12 IC 16-19-13-2.**

13 (b) "Fund", for purposes of IC 16-26-2, has the meaning set forth in  
14 IC 16-26-2-2.

15 (b) (c) "Fund", for purposes of ~~IC 16-45-6~~, **IC 16-46-5**, has the  
16 meaning set forth in IC 16-46-5-3.

17 SECTION 7. IC 16-18-2-292.7 IS ADDED TO THE INDIANA  
18 CODE AS A NEW SECTION TO READ AS FOLLOWS  
19 [EFFECTIVE JULY 1, 1999]: **Sec. 292.7. "Primary care provider",  
20 as used in IC 16-19-13, means an individual licensed or certified in  
21 Indiana who provides care that includes:**

- 22 (1) health care (as defined by IC 16-36-1-1);
- 23 (2) preventive health services;
- 24 (3) patient case management;
- 25 (4) basic diagnostic laboratory services;
- 26 (5) pharmacy services;
- 27 (6) referrals to supplemental service providers;
- 28 (7) health education; and
- 29 (8) diagnostic x-ray services.

30 SECTION 8. IC 16-19-13 IS ADDED TO THE INDIANA CODE  
31 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
32 JULY 1, 1999]:

33 **Chapter 13. Community Health Centers Fund**

34 **Sec. 1. As used in this chapter, "community health center"  
35 means a primary care provider (as defined in IC 16-18-2-292.7)  
36 that satisfies, or will satisfy with funding, the following conditions  
37 as appropriate:**

- 38 (1) Is a nonprofit or public corporation.
- 39 (2) Is located near or serves Indiana residents in an area  
40 designated by the state department as an area of need for  
41 comprehensive primary care services.
- 42 (3) Serves patients of which at least twenty percent (20%) are



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1 uninsured patients and at least thirty percent (30%) are  
2 Medicaid or Medicare patients.

3 (4) Accepts all patients without regard to age, sex, or ability  
4 to pay for services.

5 (5) Provides treatment by the same standard for all patients.

6 (6) Is configured to be a Medicaid and managed care  
7 organization provider.

8 (7) Offers a schedule of service discounts based upon ability  
9 to pay.

10 (8) Operates at least thirty-two (32) hours per week, with day,  
11 evening, and weekend hours.

12 (9) Is accessible by patients twenty-four (24) hours each day  
13 through a telephone answering service.

14 (10) Is staffed by only licensed and certified providers.

15 (11) Employs on a full-time basis at least one (1) licensed  
16 physician or nurse practitioner.

17 (12) Maintains a referral arrangement with other medical  
18 facilities for patient specialty care, hospitalization, and  
19 discharge planning.

20 (13) Follows a business plan to maximize self-sufficiency and  
21 minimize reliance on state funds.

22 (14) Follows a clinical plan with measurable goals and  
23 objectives addressing priority health concerns.

24 (15) Maintains an ongoing quality assurance program.

25 (16) Operates under the guidelines of a community based  
26 board with at least thirty percent (30%) patient  
27 representation on the board.

28 **Sec. 2.** As used in this chapter, "fund" means the community  
29 health center fund established by section 3 of this chapter.

30 **Sec. 3.** The community health center fund is established.

31 **Sec. 4.** (a) The fund consists of the following:

32 (1) Five million dollars (\$5,000,000) appropriated annually  
33 from the state general fund.

34 (2) Interest accruing from money in the fund.

35 (b) The fund must be used exclusively for the purposes set forth  
36 in section 5 of this chapter.

37 (c) Money in the fund remains in the fund and does not revert  
38 to any other fund at the end of a state fiscal year.

39 (d) The state department shall administer the fund.

40 **Sec. 5.** (a) The state department may make grants from the fund  
41 to community health centers for the following purposes:

42 (1) The establishment of community health centers.

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1 (2) The expansion of community health centers.

2 (3) The planning of new community health centers.

3 (4) The operating expenses of community health centers.

4 (5) Other similar purposes for community health centers as  
5 approved by the state department.

6 (b) Each grant must be used under the terms and conditions  
7 specified by the state department.

8 (c) Each application for a grant must be in the form prescribed  
9 by the state department and must include the information required  
10 by the state department.

11 (d) An application must be made for every year in which a  
12 community health center seeks to receive a grant.

13 Sec. 6. The state department may approve or reject an  
14 application in whole or in part.

15 Sec. 7. If an application is approved and the applicant has  
16 agreed to the terms and conditions placed upon the grant by the  
17 state department, the state department shall determine the amount  
18 of the grant to be made from the fund and shall pay the grant from  
19 the fund to the community health center from which the  
20 application originated.

21 SECTION 9. IC 16-46-10-2 IS AMENDED TO READ AS  
22 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) Except as  
23 provided in subsections (b) and (d), the state department shall provide  
24 funding each year from the local health maintenance fund under the  
25 following schedule to each local board of health whose application for  
26 funding is approved by the state department:

COUNTY POPULATION	AMOUNT OF GRANT
over - 499,999	<del>\$60,000</del> <b>\$120,000</b>
100,000 - 499,999	<del>50,000</del> <b>100,000</b>
50,000 - 99,999	<del>30,000</del> <b>60,000</b>
under - 50,000	<del>20,000</del> <b>40,000</b>

32 (b) For purposes of determining the amount of a grant to a multiple  
33 county board of health, the state department shall regard each county  
34 of the multiple county health department as a separate county. A grant  
35 to a multiple county board of health must equal the total of grants that  
36 would be made to the separate counties based on the population of each  
37 county.

38 (c) A local board of health that desires to receive funding from the  
39 local health maintenance fund must file an application with the state  
40 department before May 1 of each year. The application must state how  
41 the funds will be spent. The state department may extend the deadline  
42 for filing an application upon a showing of good cause by the local



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1 board of health.

2 (d) If a county has more than one (1) local health department, the  
3 county fiscal body shall adopt an ordinance to allocate the funds  
4 provided to the county under subsection (a). This ordinance must  
5 provide that each local board of health in the county must receive an  
6 allocation of funds granted under subsection (a). The county fiscal  
7 body shall file a copy of the ordinance with the state department before  
8 May 1 of each year.

9 (e) By June 1 of each year, the state department shall:

10 (1) allocate money in the local health maintenance fund (for  
11 distribution the following January) to each local board of health  
12 whose application is approved in accordance with the schedule in  
13 subsection (a); ~~and~~

14 (2) **allocate three hundred sixty thousand dollars (\$360,000)**  
15 **to fund joint plans under subsection (g); and**

16 (3) determine how much money in the local health maintenance  
17 fund has not been applied for.

18 The state department may use the money that has not been applied for  
19 or otherwise allocated to fund joint plans entered into by two (2) or  
20 more local boards of health or by a multiple county board as provided  
21 in subsections (g) and (i).

22 (f) If two (2) or more local boards of health cooperate in providing  
23 any of the services set out in section 3 of this chapter, those boards of  
24 health shall file a joint plan that must be approved by the state  
25 department. The joint plan must specify the following:

26 (1) The services to be provided under the plan.

27 (2) The cost of each service to be provided under the plan.

28 (3) The percentage of the total cost of services to be provided  
29 under the joint plan by each local board of health.

30 (g) If two (2) or more local boards of health join together to provide  
31 services in accordance with a joint plan filed with the state department  
32 of health under subsection (f), and the state department determines that  
33 the services to be provided under the joint plan are eligible for funding  
34 from the local health maintenance fund, the state department shall  
35 grant (in addition to the funds provided to each county in which the  
36 local boards of health are located under subsection (a)) an amount not  
37 to exceed ~~fifteen~~ **twenty-five** thousand dollars ~~(\$15,000)~~ **(\$25,000)** to  
38 fund the joint plan. The state department shall grant money to fund  
39 joint plans that most effectively accomplish the following goals in  
40 accordance with standards adopted by the state department:

41 (1) Benefit the greatest number of people.

42 (2) Provide services in a cost effective manner.

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1 (3) Address the most serious health care needs of the area served.

2 (4) Provide additional public health services in a medically  
3 underserved or economically distressed area.

4 This money shall be allocated directly to each local board of health  
5 participating in the joint plan in the same percentages specified in the  
6 joint plan under subsection (f)(3).

7 (h) A multiple county health board may file a plan under this section  
8 to provide any of the services set out in section 3 of this chapter. If the  
9 state department determines that the services to be provided under the  
10 plan submitted by a multiple county health board are eligible for  
11 funding from the local health maintenance fund, the state department  
12 shall grant (in addition to the funds provided under subsection (a) to  
13 each county in which the local boards of health are located) an amount  
14 not to exceed ~~fifteen~~ **twenty-five** thousand dollars (~~\$15,000~~) (**\$25,000**)  
15 to fund the plan.

16 (i) Services funded under this section must be in addition to, and not  
17 in place of, services funded at the local level.

18 SECTION 10. IC 16-46-12 IS ADDED TO THE INDIANA CODE  
19 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
20 JULY 1, 1999]:

21 **Chapter 12. Local Health Department Development Fund**

22 **Sec. 1. (a) The local health department development fund is**  
23 **established for the purpose of providing local health departments**  
24 **with funds to fulfill the purposes set forth in section 3 of this**  
25 **chapter. The fund shall be administered by the state department.**  
26 **The fund consists of the following:**

27 (1) **Five million dollars (\$5,000,000) appropriated annually**  
28 **from the state general fund.**

29 (2) **Interest accruing from money in the fund.**

30 (b) **The expenses of administering the fund shall be paid from**  
31 **money in the fund.**

32 (c) **The treasurer of state shall invest the money in the fund not**  
33 **currently needed to meet the obligations of the fund in the same**  
34 **manner as other public funds may be invested. Interest that**  
35 **accrues from these investments shall be deposited in the fund.**

36 (d) **Money in the fund at the end of the state fiscal year does not**  
37 **revert to the state general fund.**

38 **Sec. 2. (a) Except as provided in subsections (b) and (d), the**  
39 **state department shall provide funding each year from the local**  
40 **health department development fund under the following schedule**  
41 **to each local health department whose application for funding is**  
42 **approved by the state department:**



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1	<b>COUNTY POPULATION</b>	<b>AMOUNT OF GRANT</b>
2	over - 499,999	\$ 120,000
3	100,000 - 499,999	100,000
4	50,000 - 99,999	60,000
5	under - 50,000	40,000
6	<b>(b) For purposes of determining the amount of a grant to a</b>	
7	<b>multiple county health department, the state department shall</b>	
8	<b>regard each county of the multiple county health department as a</b>	
9	<b>separate county. A grant to a multiple county health department</b>	
10	<b>must equal the total of grants that would be made to health</b>	
11	<b>departments of the separate counties based on the population of</b>	
12	<b>each county.</b>	
13	<b>(c) A local health department that seeks to receive funding from</b>	
14	<b>the local health department development fund must file an</b>	
15	<b>application with the state department before May 1 of each year.</b>	
16	<b>The application must state how the funds will be spent. The state</b>	
17	<b>department may extend the deadline for filing an application upon</b>	
18	<b>a showing of good cause by the local health department.</b>	
19	<b>(d) By June 1 of each year, the state department shall:</b>	
20	<b>(1) allocate money in the local health department development</b>	
21	<b>fund (for distribution the following January) to each local</b>	
22	<b>health department whose application is approved in</b>	
23	<b>accordance with the schedule in subsection (a); and</b>	
24	<b>(2) determine how much money in the local health department</b>	
25	<b>development fund has not been applied for.</b>	
26	<b>The state department may use the money that has not been applied</b>	
27	<b>for or otherwise allocated to fund joint plans entered into by two</b>	
28	<b>(2) or more local health departments or by a multiple county</b>	
29	<b>department as provided in subsections (f) and (h).</b>	
30	<b>(e) If two (2) or more local health departments cooperate in</b>	
31	<b>fulfilling a purpose set out in section 3 of this chapter, those health</b>	
32	<b>departments shall file a joint plan that must be approved by the</b>	
33	<b>state department. The joint plan must specify the following:</b>	
34	<b>(1) The purposes to be fulfilled under the plan.</b>	
35	<b>(2) The cost of each purpose under the plan.</b>	
36	<b>(3) The percentage of the total cost to be provided under the</b>	
37	<b>joint plan by each local health department.</b>	
38	<b>(f) If two (2) or more local health departments join together in</b>	
39	<b>a joint plan filed with the state department of health under</b>	
40	<b>subsection (e) and the state department determines that the</b>	
41	<b>services, training, research, equipment, and development to be</b>	
42	<b>provided under the joint plan are eligible for funding from the</b>	

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1 local health department development fund, the state department  
 2 shall grant (in addition to the funds provided to each county in  
 3 which the local health departments are located under subsection  
 4 (a)) an amount not to exceed twenty-five thousand dollars (\$25,000)  
 5 to fund the joint plan. The state department shall grant money to  
 6 fund joint plans that most effectively accomplish the following  
 7 goals in accordance with standards adopted by the state  
 8 department:

9 (1) Benefit the greatest number of people.

10 (2) Address the most serious health care needs of the area  
 11 served.

12 This money shall be allocated directly to each local health  
 13 department participating in the joint plan in the same percentages  
 14 specified in the joint plan under subsection (e)(3).

15 (g) A multiple county health department may file a plan under  
 16 this section to fulfill any of the purposes set out in section 3 of this  
 17 chapter. If the state department determines that the purpose under  
 18 the plan submitted by a multiple county health department is  
 19 eligible for funding from the local health department development  
 20 fund, the state department shall grant (in addition to the funds  
 21 provided under subsection (a) to any other local health  
 22 departments in the counties in which the multiple county health  
 23 department is located) an amount not to exceed twenty-five  
 24 thousand dollars (\$25,000) to fund the plan.

25 (h) Services, training, research, equipment, and development  
 26 funded under this section must be in addition to, and not in place  
 27 of, items funded at the local level.

28 **Sec. 3. (a) Funding provided a local health department under**  
 29 **section 2 of this chapter may be used by the local health**  
 30 **department to provide any of the following:**

31 (1) Training.

32 (2) Research.

33 (3) Equipment.

34 (4) Development.

35 (b) Money granted a local health department from the local  
 36 health department development fund may not be used for any  
 37 purpose other than those listed in this section.

38 **Sec. 4. The state board shall adopt rules under IC 4-22-2**  
 39 **necessary to carry out this chapter.**

40 SECTION 11. [EFFECTIVE JULY 1, 1999] IC 6-7-1-12, as  
 41 amended by this act, applies only to transactions that occur after  
 42 June 30, 1999.



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