

HOUSE BILL No. 1032

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-12-1-14.3; IC 12-7-2; IC 12-10-16.

Synopsis: Tobacco settlement health services trust fund. Creates the tobacco settlement health services trust fund. Provides that the tobacco settlement agreement money be placed in a trust fund and that interest from the fund be used to provide funds for purposes related to health services. Establishes an advisory board to make recommendations regarding grant proposals. Establishes the pharmaceutical assistance for the aged and disabled program. Requires the division of disability, aging, and rehabilitative services to contract for insurance coverage of prescription drugs and administer the program.

Effective: July 1, 2000.

Goeglein, Crosby, Becker, Scholer

January 10, 2000, read first time and referred to Committee on Public Health.

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Introduced

Second Regular Session 111th General Assembly (2000)

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 1999 General Assembly.

HOUSE BILL No. 1032

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

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

1 SECTION 1. IC 4-12-1-14.3, AS ADDED BY P.L.273-1999,
2 SECTION 232, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2000]: Sec. 14.3. (a) **As used in this section,**
4 **"advisory board" refers to the tobacco settlement health services**
5 **trust fund advisory board established under subsection (e).**
6 (b) **As used in this section, "fund" refers to the tobacco**
7 **settlement health services trust fund created by subsection (c).**
8 (c) There is hereby created the tobacco settlement **health services**
9 **trust fund.** ~~for The purpose of depositing fund consists of~~ money
10 received by the state from the master settlement agreement with the
11 United States' tobacco product manufacturers. The fund shall be
12 administered by the budget agency. The treasurer of state shall invest
13 the money in the fund not currently needed to meet the obligations of
14 the fund in the same manner as other public money is invested. Interest
15 that accrues from these investments shall be deposited in the fund.
16 **Interest that accrues in the fund is annually appropriated for the**
17 **purposes described in this section. The principal in the fund may**

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1 **not be withdrawn from the fund.** Money in the fund at the end of the
2 state fiscal year does not revert to the state general fund.

3 **(d) Interest that accrues from money in the fund may be used**
4 **for the following purposes:**

5 **(1) Thirty percent (30%) of the interest is to be allocated to**
6 **the division of disability, aging, and rehabilitative services**
7 **established under IC 12-9-1-1 to expend under the**
8 **pharmaceutical assistance for the aged and disabled program**
9 **established under IC 12-10-16.**

10 **(2) Not more than thirty percent (30%) of the interest is to be**
11 **allocated to provide grants to programs that assist senior**
12 **citizens with independent living, including:**

13 **(A) respite care or relief of family caretakers;**

14 **(B) transportation to services that assist senior citizens in**
15 **living independently; and**

16 **(C) care provided in the home to prevent**
17 **institutionalization of senior citizens.**

18 **(3) Not more than twenty percent (20%) of the interest is to be**
19 **allocated to provide grants for programs of education,**
20 **prevention, and treatment for alcohol, tobacco, and illegal**
21 **drug use.**

22 **(4) Not more than twenty percent (20%) of the interest is to be**
23 **allocated to provide grants for programs that improve health**
24 **services for children and individuals with disabilities.**

25 **Funds allocated under this subsection are in addition to, and may**
26 **not supplant, other federal, state, or local funding for the purposes**
27 **described. Not more than two percent (2%) of the funds allocated**
28 **under this subsection may be used for administrative purposes.**

29 **(e) The tobacco settlement health services trust fund advisory**
30 **board is established. The advisory board consists of nine (9)**
31 **members who are appointed as follows:**

32 **(1) By the speaker of the house of representatives:**

33 **(A) two (2) members of the house of representatives who**
34 **represent different political parties; and**

35 **(B) one (1) member of a nonprofit organization dedicated**
36 **to health issues.**

37 **(2) By the president pro tempore of the senate:**

38 **(A) two (2) members of the senate who represent different**
39 **political parties; and**

40 **(B) one (1) member of a nonprofit organization dedicated**
41 **to health issues.**

42 **(3) Three (3) members appointed by the governor who are**

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1 knowledgeable about health issues. One (1) member
 2 appointed under this subdivision must be a member of a
 3 nonprofit organization dedicated to health issues.

4 The members of the advisory board serve at the pleasure of the
 5 appointing authority. The state department of health shall provide
 6 staff support for the advisory board. The members of the advisory
 7 board shall annually elect a chairperson. When the advisory board
 8 meets, each member is entitled to receive the same per diem,
 9 mileage, and travel allowances approved by the legislative council
 10 for legislative and lay members serving on interim study
 11 committees established by the legislative council.

12 (f) An organization, agency, or individual may submit an
 13 application to the advisory board for a grant from the fund under
 14 subsection (d)(2), (d)(3), and (d)(4). Each application must be in
 15 writing and contain the following information:

- 16 (1) A clear objective to be achieved with the grant.
- 17 (2) A plan for implementation of the specific program.
- 18 (3) The amount of the grant requested.
- 19 (4) An evaluation and assessment component to determine the
 20 program's performance, including reporting to the advisory
 21 board.

22 The advisory board may adopt written guidelines, without
 23 complying with IC 4-22-2, to establish procedures, forms,
 24 additional evaluation criteria, and application deadlines.
 25 Guidelines adopted under this subsection are subject to the
 26 approval of the budget agency after review by the budget
 27 committee.

28 (g) A grant application shall be referred to the:

- 29 (1) advisory board; and
- 30 (2) budget committee;

31 for review. The advisory board and budget committee shall make
 32 recommendations to the budget agency. The budget agency shall
 33 approve or deny the grant application.

34 SECTION 2. IC 12-7-2-63.5 IS ADDED TO THE INDIANA CODE
 35 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 36 1, 2000]: **Sec. 63.5. "Diabetic testing materials"**, for purposes of
 37 **IC 12-10-16**, has the meaning set forth in **IC 12-10-16-1**.

38 SECTION 3. IC 12-7-2-103.2 IS ADDED TO THE INDIANA
 39 CODE AS A NEW SECTION TO READ AS FOLLOWS
 40 [EFFECTIVE JULY 1, 2000]: **Sec. 103.2. "Health insurance policy"**,
 41 for purposes of **IC 12-10-16**, has the meaning set forth in
 42 **IC 12-10-16-2**.



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1 SECTION 4. IC 12-7-2-144.5 IS ADDED TO THE INDIANA
 2 CODE AS A NEW SECTION TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2000]: **Sec. 144.5. "Prescription drugs", for**
 4 **purposes of IC 12-10-16, has the meaning set forth in**
 5 **IC 12-10-16-3.**

6 SECTION 5. IC 12-7-2-146, AS AMENDED BY P.L.273-1999,
 7 SECTION 166, IS AMENDED TO READ AS FOLLOWS
 8 [EFFECTIVE JULY 1, 2000]: Sec. 146. "Program" refers to the
 9 following:

10 (1) For purposes of IC 12-10-7, the adult guardianship services
 11 program established by IC 12-10-7-5.

12 (2) For purposes of IC 12-10-10, the meaning set forth in
 13 IC 12-10-10-5.

14 (3) **For purposes of IC 12-10-16, the meaning set forth in**
 15 **IC 12-10-16-4.**

16 (4) For purposes of IC 12-17.6, the meaning set forth in
 17 IC 12-17.6-1-5.

18 SECTION 6. IC 12-10-16 IS ADDED TO THE INDIANA CODE
 19 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 20 JULY 1, 2000]:

21 **Chapter 16. Pharmaceutical Assistance for the Aged and**
 22 **Disabled**

23 **Sec. 1. As used in this chapter, "diabetic testing materials"**
 24 **includes the following:**

25 (1) **Blood glucose reagent strips that can be visually read.**

26 (2) **Urine monitoring strips.**

27 (3) **Tapes.**

28 (4) **Tablets.**

29 (5) **Bloodletting devices.**

30 (6) **Lancets.**

31 **The term does not include electronically monitored devices.**

32 **Sec. 2. As used in this chapter, "health insurance policy" means**
 33 **a:**

34 (1) **hospital or medical expense incurred policy or certificate;**

35 (2) **hospital or medical service plan contract; or**

36 (3) **health maintenance organization subscriber contract;**

37 **that provides coverage for prescription drugs and is purchased**
 38 **from a private health insurer with which the division has**
 39 **contracted under section 7 of this chapter.**

40 **Sec. 3. As used in this chapter, "prescription drugs" means all**
 41 **legend drugs (as defined in IC 16-18-2-199), including the**
 42 **following:**

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1 (1) Any interchangeable drug products, including generic
2 drug products, approved by the drug utilization review board
3 established under IC 12-15-35.

4 (2) Diabetic testing materials.

5 (3) Insulin, insulin syringes, and insulin needles.

6 Sec. 4. As used in this chapter, "program" refers to the
7 pharmaceutical assistance for the aged and disabled program
8 established under section 6 of this chapter.

9 Sec. 5. (a) A resident of Indiana who:

10 (1) has been a resident of Indiana for at least one (1) year
11 immediately preceding the individual's application for
12 participation in the program;

13 (2) is not covered by Medicaid under IC 12-15;

14 (3) is:

15 (A) a recipient of disability insurance benefits under Title
16 II of the federal Social Security Act (42 U.S.C. 401 et seq.);

17 or

18 (B) at least sixty-five (65) years of age;

19 (4) has purchased a health insurance policy and is not wholly
20 covered for prescriptions under another policy or program;
21 and

22 (5) has an annual household income of not more than
23 twenty-one thousand five hundred dollars (\$21,500);

24 is eligible to apply for participation in the program.

25 (b) For purposes of this section, annual income does not include
26 the following:

27 (1) Gain from the sale of a principal residence that is excluded
28 from gross income under 26 U.S.C. 121.

29 (2) Funds received from the federal government under
30 sections 105 and 106 of the federal Civil Liberties Act of 1988.

31 (3) Funds or property received as a Holocaust victim's
32 settlement payment (as defined in IC 12-14-11-1.7).

33 (c) Beginning January 1, 2002, and annually thereafter, the
34 income eligibility limit provided in subsection (a)(5) must increase
35 by the amount of the maximum Social Security benefit cost of
36 living increase for that year.

37 Sec. 6. The pharmaceutical assistance for the aged and disabled
38 program is established. The division shall administer the program.

39 Sec. 7. The division shall enter into contracts with private health
40 insurers to arrange for the availability, at a reasonable cost, of
41 health insurance policies.

42 Sec. 8. The division shall provide subsidies annually under this



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1 chapter beginning with the state fiscal year beginning July 1, 2001,
2 and ending June 30, 2002.

3 **Sec. 9. (a) An individual who is eligible and wishes to apply for**
4 **participation in the program during the next fiscal year shall apply**
5 **for participation before May 1 preceding the fiscal year during**
6 **which the individual wishes to participate.**

7 **(b) The division shall approve individuals who submit**
8 **applications and adequate proof of eligibility for participation**
9 **under subsection (a).**

10 **(c) The division shall determine, before July 1 of each year, the:**

11 **(1) number of individuals in each annual household income**
12 **category established under section 10 of this chapter who**
13 **have been approved for participation under subsection (b);**
14 **and**

15 **(2) amount of money available for use in providing subsidies**
16 **under this chapter.**

17 **(d) If the division approves a request under subsection (b), the**
18 **division shall:**

19 **(1) determine the subsidy amount to be paid for the**
20 **individual's health insurance policy under section 10 of this**
21 **chapter; and**

22 **(2) provide for direct payment of the subsidy to the private**
23 **health insurer from which the individual purchased the health**
24 **insurance policy.**

25 **Sec. 10. (a) The division shall subsidize the premium paid by**
26 **individuals described in section 9(b) of this chapter in the**
27 **percentage amounts described in subsection (b).**

28 **(b) The division shall annually determine five (5) levels of**
29 **subsidy payment under this section within the limits of available**
30 **funding. The division shall determine the subsidy percentage for**
31 **each of the five (5) levels according to the following annual**
32 **household income categories:**

33 **(1) Category 1 - annual household income of not more than**
34 **twelve thousand seven hundred dollars (\$12,700). Premiums**
35 **paid by individuals in this category shall be subsidized at the**
36 **highest level.**

37 **(2) Category 2 - annual household income of more than twelve**
38 **thousand seven hundred dollars (\$12,700) but not more than**
39 **fourteen thousand eight hundred dollars (\$14,800). Premiums**
40 **paid by individuals in this category shall be subsidized at the**
41 **second highest level.**

42 **(3) Category 3 - annual household income of more than**



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1 fourteen thousand eight hundred dollars (\$14,800) but not
2 more than seventeen thousand dollars (\$17,000). Premiums
3 paid by individuals in this category shall be subsidized at the
4 third highest level.

5 (4) Category 4 - annual household income of more than
6 seventeen thousand dollars (\$17,000) but not more than
7 nineteen thousand one hundred dollars (\$19,100). Premiums
8 paid by individuals in this category shall be subsidized at the
9 fourth highest level.

10 (5) Category 5 - annual household income of more than
11 nineteen thousand one hundred dollars (\$19,100) but not more
12 than twenty-one thousand five hundred dollars (\$21,500).
13 Premiums paid by individuals in this category shall be
14 subsidized at the fifth highest level.

15 Sec. 11. The total annual amount of subsidies paid under this
16 chapter may not exceed the amount annually appropriated under
17 IC 4-12-1-14.3(d)(1).

18 Sec. 12. (a) A subsidy that is granted to an individual:

- 19 (1) who is not eligible under section 5 of this chapter; or
20 (2) who filed an application with fraudulent intent;

21 may be revoked.

22 (b) If a subsidy is revoked under subsection (a), the individual
23 shall make restitution to the division for any subsidy that the
24 individual improperly received, and the division shall take all
25 proper actions to collect the amount of the subsidy as a debt.

26 Sec. 13. The division shall adopt rules under IC 4-22-2 to
27 implement this chapter.

28 Sec. 14. Before November 1 of each year, the division shall:

- 29 (1) evaluate the program; and
30 (2) submit a report that contains evaluation information to the
31 advisory board established under IC 4-12-1-14.3(e).

32 SECTION 7. [EFFECTIVE JULY 1, 2000] (a) All money
33 remaining in the tobacco settlement fund on June 30, 2000, shall be
34 transferred to the tobacco settlement health services trust fund
35 established under IC 4-12-1-14.3, as amended by this act, on July
36 1, 2000.

37 (b) Notwithstanding P.L.273-1999 or IC 4-12-1-14.3, as
38 amended by this act, the appropriations made by P.L.273-1999,
39 SECTION 8, for the state fiscal year beginning July 1, 2000, for
40 CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP)
41 ASSISTANCE AND CHILDREN'S HEALTH INSURANCE
42 PROGRAM (CHIP) ADMINISTRATION are payable from the



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1 **tobacco settlement health services trust fund established under**
2 **IC 4-12-1-14.3, as amended by this act.**

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