

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2

Session of  
2001

INTRODUCED BY ORIE, RYAN, PERZEL, FEESE, ADOLPH, ALLEN, ARGALL, M. BAKER, BASTIAN, BROWNE, BUNT, CAPPELLI, CLARK, FAIRCHILD, FICHTER, FLICK, HARPER, HENNESSEY, HERMAN, HESS, JADLOWIEC, MAJOR, MARSICO, McGILL, PICKETT, PIPPY, RAYMOND, RUBLEY, SAYLOR, SCHULER, SEMMEL, T. STEVENSON, ZIMMERMAN, ROSS, DAILEY, LAUGHLIN, LESCOVITZ, SOLOBAY, GEORGE, STABACK, MUNDY, FREEMAN, LEDERER, M. COHEN, ROBINSON, TIGUE, DeLUCA, THOMAS, TRICH, HARHAI, MANN, C. WILLIAMS, CRUZ, TRELLO, ZUG AND McCALL, JANUARY 23, 2001

SENATOR TILGHMAN, APPROPRIATIONS, IN SENATE, RE-REPORTED AS AMENDED, JUNE 21, 2001

AN ACT

1 ~~Establishing a special fund and account for money received by~~ <—  
2 ~~the Commonwealth from the Master Settlement Agreement with~~  
3 ~~tobacco manufacturers; establishing the Tobacco Settlement~~  
4 ~~Investment Board; AND providing for the improvement of health~~ <—  
5 ~~care. establishing an adult basic coverage insurance program~~ <—  
6 ~~in the Insurance Department and a medical assistance purchase~~  
7 ~~program for workers with disabilities in the Department of~~  
8 ~~Public Welfare; providing for the establishment,~~  
9 ~~implementation and administration of the Pennsylvania~~  
10 ~~Biomedical Research Authority; imposing powers and duties on~~  
11 ~~a board of trustees; providing for the issuance of notes and~~  
12 ~~bonds; providing for family health care improvement and for~~  
13 ~~tobacco use prevention; authorizing a tobacco access control~~  
14 ~~tax credit; imposing powers and duties on the Secretary of~~  
15 ~~Revenue; conferring powers and duties on the Department of~~  
16 ~~Health; establishing the Uncompensated Care Program in the~~  
17 ~~Department of Public Welfare; establishing a Medical Research~~  
18 ~~Improvement Grant Program in the Department of Health;~~  
19 ~~increasing eligibility for medical assistance; establishing~~  
20 ~~an institute for biomedical research and technology;~~  
21 ~~providing for home and community based care services to~~  
22 ~~certain individuals, for responsibilities of the Department~~  
23 ~~of Aging and the Department of Public Welfare, for powers and~~  
24 ~~duties of the Department of Community and Economic~~  
25 ~~Development and the Department of Health; establishing an~~

1 ~~Office of Minority Health Affairs and a grant program in the~~  
2 ~~Department of Health; establishing the Volunteer Fire and~~  
3 ~~Emergency Services Organization Grant Program; authorizing a~~  
4 ~~grant program for Type 1 diabetics; authorizing payments to~~  
5 ~~certain persons with occupational respiratory disease;~~  
6 ~~establishing the Occupational Respiratory Disease Interim~~  
7 ~~Coverage Fund; providing for pharmaceutical grants to certain~~  
8 ~~Medicare beneficiaries; establishing the Pennsylvania Health~~  
9 ~~Center Investment Plan; providing for presumptive eligibility~~  
10 ~~for children's health care; establishing the Municipal Fire~~  
11 ~~and Emergency Services Organization Grant Program; making~~  
12 ~~appropriations; and making repeals.~~

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3 ESTABLISHING A SPECIAL FUND AND ACCOUNT FOR MONEY RECEIVED BY <—  
4 THE COMMONWEALTH FROM THE MASTER SETTLEMENT AGREEMENT WITH  
5 TOBACCO MANUFACTURERS; PROVIDING FOR HOME AND COMMUNITY-BASED  
6 CARE, FOR TOBACCO USE PREVENTION AND CESSATION EFFORTS, FOR  
7 COMMONWEALTH UNIVERSAL RESEARCH ENHANCEMENT, FOR HOSPITAL  
8 UNCOMPENSATED CARE, FOR HEALTH INVESTMENT INSURANCE, FOR  
9 MEDICAL ASSISTANCE FOR WORKERS WITH DISABILITIES, FOR  
10 REGIONAL BIOTECHNOLOGY RESEARCH CENTERS, FOR THE HEALTHLINK  
11 PROGRAM, FOR COMMUNITY-BASED HEALTH CARE ASSISTANCE PROGRAMS,  
12 FOR PACE REINSTATEMENT AND PACENET EXPANSION, FOR MEDICAL  
13 EDUCATION LOAN ASSISTANCE AND FOR PERCENTAGE ALLOCATION AND  
14 APPROPRIATION OF MONEYS.

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24 SECTION 5102. SUNSET.  
25 SECTION 5103. EFFECTIVE DATE.

26 The General Assembly of the Commonwealth of Pennsylvania  
27 hereby enacts as follows:

28 ~~CHAPTER 1~~ ←  
29 ~~PRELIMINARY PROVISIONS~~  
30 ~~Section 101. Short title.~~

1 ~~This act shall be known and may be cited as the Health Care~~  
2 ~~Improvement Act.~~

3 ~~Section 102.— Definitions.~~

4 ~~The following words and phrases when used in this act shall~~  
5 ~~have the meanings given to them in this section unless the~~  
6 ~~context clearly indicates otherwise:~~

7 ~~"Fund."— The Tobacco Settlement Fund established in section~~  
8 ~~303.~~

9 CHAPTER 3

10 HEALTH INVESTMENT

11 ~~Section 301.— Scope.~~

12 ~~This chapter deals with establishing a special fund and~~  
13 ~~account for money received by the Commonwealth from the Master~~  
14 ~~Settlement Agreement with tobacco manufacturers; and~~  
15 ~~establishing the Tobacco Settlement Investment Board.~~

16 ~~Section 302.— Definitions.~~

17 ~~The following words and phrases when used in this chapter~~  
18 ~~shall have the meanings given to them in this section unless the~~  
19 ~~context clearly indicates otherwise:~~

20 ~~"Account."— The Tobacco Endowment Account established in~~  
21 ~~section 303(b).~~

22 ~~"Board."— The Tobacco Settlement Investment Board established~~  
23 ~~in section 304(a).~~

24 ~~"Fund."— The Tobacco Settlement Fund established in section~~  
25 ~~303(a).~~

26 ~~"Jurisdictional payment."— A payment received by the~~  
27 ~~Commonwealth resulting from a court retaining jurisdiction over~~  
28 ~~the Escrow Agreement pursuant to section IX(b) of the Master~~  
29 ~~Settlement Agreement.~~

30 ~~"Master Settlement Agreement."— The settlement agreement and~~

1 ~~related documents entered into on November 23, 1998, by the~~  
2 ~~Commonwealth and leading United States tobacco product~~  
3 ~~manufacturers approved by the Court of Common Pleas,~~  
4 ~~Philadelphia County, on January 13, 1999.~~

5 ~~"Strategic contribution payment." A payment received by the~~  
6 ~~Commonwealth pursuant to section IX(c)(2) of the Master~~  
7 ~~Settlement Agreement.~~

8 ~~"Tobacco Endowment Account." The Tobacco Endowment Account~~  
9 ~~established in section 303(b).~~

10 ~~"Tobacco Settlement Fund." The Tobacco Settlement Fund~~  
11 ~~established in section 303(a).~~

12 ~~Section 303. Establishment of special fund and account.~~

13 ~~(a) Tobacco Settlement Fund. There is hereby established a~~  
14 ~~special fund known as the Tobacco Settlement Fund. Except as~~  
15 ~~provided in subsection (b), all payments received by the~~  
16 ~~Commonwealth pursuant to the Master Settlement Agreement shall~~  
17 ~~be deposited by the Treasury Department in the fund.~~

18 ~~(b) Tobacco Endowment Account. There is hereby established~~  
19 ~~within the fund the Tobacco Endowment Account. The following~~  
20 ~~amounts shall be deposited by the Treasury Department into the~~  
21 ~~Tobacco Endowment Account:~~

22 ~~(1) The jurisdictional payment received by the~~  
23 ~~Commonwealth pursuant to the Master Settlement Agreement.~~

24 ~~(2) The strategic contribution payments received by the~~  
25 ~~Commonwealth pursuant to the Master Settlement Agreement.~~

26 ~~(3) Other payments received by the Commonwealth pursuant~~  
27 ~~to the Master Settlement Agreement to ensure that no more~~  
28 ~~than 60% of the payments received pursuant to the Master~~  
29 ~~Settlement Agreement are expended for any purpose.~~

30 ~~(4) Earnings derived from the investment of the money in~~

1 ~~the fund after deduction of investment expenses.~~

2 ~~(5) Earnings derived from the investment of the money in~~  
3 ~~the Tobacco Endowment Account after deduction of investment~~  
4 ~~expenses and the expenses of the board.~~

5 ~~(6) Money received as a result of investment of the~~  
6 ~~money in the Health Venture Investment Account established in~~  
7 ~~section 1703.~~

8 ~~(7) Money from an appropriation pursuant to section 306~~  
9 ~~which lapses.~~

10 ~~(8) Any interest earned on any payments received by the~~  
11 ~~Commonwealth pursuant to the Master Settlement Agreement as~~  
12 ~~of the effective date of this act.~~

13 ~~Appropriations under section 5102 shall be reduced~~  
14 ~~proportionately if necessary to meet the requirements of this~~  
15 ~~subsection.~~

16 ~~Section 304. Tobacco Settlement Investment Board.~~

17 ~~(a) Establishment. There is hereby established the Tobacco~~  
18 ~~Settlement Investment Board, consisting of 11 members as~~  
19 ~~follows: the Governor or a designee; the Secretary of the~~  
20 ~~Budget; the State Treasurer or a designee; one member appointed~~  
21 ~~by the President pro tempore of the Senate and one member~~  
22 ~~appointed by the Minority Leader of the Senate; one member~~  
23 ~~appointed by the Speaker of the House of Representatives and one~~  
24 ~~member appointed by the Minority Leader of the House of~~  
25 ~~Representatives; three members appointed by the Governor; and~~  
26 ~~one member appointed by the State Treasurer. Legislative~~  
27 ~~appointments shall serve at the pleasure of the appointing~~  
28 ~~authority. Other appointed members shall serve for a term of~~  
29 ~~four years and until a successor is appointed. Members of the~~  
30 ~~board shall serve without compensation, but shall be reimbursed~~

1 ~~for actual and reasonable expenses incurred in the performance~~  
2 ~~of their official duties. The Governor shall select one member~~  
3 ~~as chairperson, and the members of the board shall select one~~  
4 ~~member as secretary.~~

5 ~~(b) Professional personnel. The board may employ investment~~  
6 ~~advisors, fund managers and staff as the board deems advisable.~~

7 ~~(c) Expenses. All expenses of the board and related~~  
8 ~~professional personnel expenses shall be paid from investment~~  
9 ~~earnings of the Tobacco Endowment Account. The board shall,~~  
10 ~~through the Governor, submit to the General Assembly an annual~~  
11 ~~budget covering its proposed administrative expenses. Approved~~  
12 ~~expenses of the board and its professional personnel shall be~~  
13 ~~deducted from the investment earnings of the Tobacco Endowment~~  
14 ~~Account. Concurrently with its annual budget request, the board~~  
15 ~~shall submit to the General Assembly a list of proposed~~  
16 ~~expenditures for the period covered by the budget request that~~  
17 ~~the board intends to pay through the use of directed~~  
18 ~~commissions, together with a list of the actual expenditures~~  
19 ~~from the previous year actually paid by the board through the~~  
20 ~~use of directed commissions. All such directed commission~~  
21 ~~expenditures shall be made by the board for the exclusive~~  
22 ~~benefit of the fund and the Tobacco Endowment Account.~~

23 ~~(d) Records. The board shall keep a record of its~~  
24 ~~proceedings, which shall be open to inspection by the public.~~

25 ~~Section 305. Investment of fund and accounts.~~

26 ~~(a) Control and management. Notwithstanding any other~~  
27 ~~provision of law, the board shall have exclusive control and~~  
28 ~~authority to manage and invest money in the fund and the account~~  
29 ~~in accordance with this section, subject, however, to the~~  
30 ~~exercise of that degree of judgment, skill and care under the~~

1 ~~circumstances then prevailing that persons of prudence,~~  
2 ~~discretion and intelligence, who are familiar with investment~~  
3 ~~matters, exercise in the management of their own affairs, not in~~  
4 ~~regard to speculation but in regard to permanent disposition of~~  
5 ~~the funds, considering the probable income to be derived from~~  
6 ~~the investments and the probable safety of their capital. The~~  
7 ~~board may hold, purchase, sell, lend, assign, transfer or~~  
8 ~~dispose of investments in which money in the fund or the~~  
9 ~~accounts has been invested and of the proceeds of the~~  
10 ~~investments, including any directed commissions that have~~  
11 ~~accrued to the benefit of the fund or the accounts as a~~  
12 ~~consequence of the investments, and of money belonging to the~~  
13 ~~fund or the accounts subject to the standard of prudence in this~~  
14 ~~section.~~

15 ~~(b) Fiduciary status of board. The members of the board and~~  
16 ~~their professional personnel shall stand in a fiduciary~~  
17 ~~relationship to the Commonwealth and its citizens regarding the~~  
18 ~~investments of the money of the fund and the accounts and shall~~  
19 ~~not profit, either directly or indirectly, with respect thereto.~~

20 ~~(c) Custodian. The State Treasurer shall be the custodian~~  
21 ~~of the fund and the accounts. All investment draws from the fund~~  
22 ~~or the accounts shall be made by the State Treasurer in~~  
23 ~~accordance with requisitions signed by the secretary of the~~  
24 ~~board and ratified by resolution of the board.~~

25 ~~(d) Authorized investment vehicles for the fund and the~~  
26 ~~Tobacco Endowment Account. The board may invest the money in~~  
27 ~~the fund and the Tobacco Endowment Account in investments that~~  
28 ~~meet the standard of prudence set forth in subsection (a) by~~  
29 ~~becoming a limited partner in partnerships that will hold such~~  
30 ~~investments; or by acquiring shares or units of participation or~~

1 otherwise participating beneficially in bank collective trusts  
2 or in the separate accounts of any insurance company authorized  
3 to do business in this Commonwealth; or by acquiring stocks or  
4 shares or units of participation or otherwise participating  
5 beneficially in a corporate fund or trust organized or created  
6 and existing under the laws of the United States or of any  
7 state, district or territory thereof, if the corporate funds or  
8 trusts are maintained for and consist of assets of employees'  
9 benefit trusts, including governmental plans as defined in  
10 section 414(d) of the Internal Revenue Code of 1986 (Public Law  
11 99-514, 26 U.S.C. § 414(d)), or which meet the requirements for  
12 qualification under section 401 of the Internal Revenue Code of  
13 1986 (26 U.S.C. § 401). The liability of the fund or the  
14 accounts shall be limited to the amount of their investment  
15 under this subsection.

16 (c) ~~Additional authorized investment vehicles for the~~  
17 ~~Tobacco Endowment Account. The board may invest the money in~~  
18 ~~the Tobacco Endowment Account in investments that meet the~~  
19 ~~standard of prudence set forth in subsection (a) by becoming a~~  
20 ~~limited partner in partnerships that make venture capital~~  
21 ~~investments by acquiring equity interests or a combination of~~  
22 ~~debt and equity interests in businesses which are expected to~~  
23 ~~grow substantially in the future and in which the expected~~  
24 ~~returns on investment are to come predominantly from an increase~~  
25 ~~in value of the equity interests and are not interests in or~~  
26 ~~secured by real estate. Venture capital investments shall be~~  
27 ~~limited to not more than 2% of the book value of the total~~  
28 ~~assets of the Tobacco Endowment Account as determined for~~  
29 ~~financial purposes as of June 30 next preceding the date of~~  
30 ~~investment. A venture capital investment may only be made if, in~~

1 ~~the judgment of the board, the investment is reasonably likely~~  
2 ~~to enhance the general welfare of this Commonwealth and its~~  
3 ~~citizens. In determining whether an investment meets the~~  
4 ~~standard of prudence required by subsection (a), the board may~~  
5 ~~consider, together with the expected return on and the risk~~  
6 ~~characteristics of the particular investment, the actual and~~  
7 ~~expected future returns and the risk characteristics of the~~  
8 ~~total venture capital investments held by the board at the time~~  
9 ~~and the degree to which the proposed new investment would~~  
10 ~~promote further diversification within the venture capital asset~~  
11 ~~class.~~

12 ~~(f) Legislative declaration. The General Assembly finds and~~  
13 ~~declares that authorized investments of the fund or the accounts~~  
14 ~~made by or on behalf of the board under this section, whereby~~  
15 ~~the board becomes a joint owner, limited partner or stockholder~~  
16 ~~in a company, corporation, limited partnership or association,~~  
17 ~~are outside the scope of the original intent of, and do not~~  
18 ~~violate, the prohibition set forth in section 8 of Article VIII~~  
19 ~~of the Constitution of Pennsylvania.~~

20 ~~Section 306. Use of Tobacco Settlement Fund.~~

21 ~~The Governor shall include a spending plan for the fund in~~  
22 ~~the annual budget. The General Assembly shall appropriate the~~  
23 ~~fund for health related purposes.~~

24 ~~Section 307. Use of Tobacco Endowment Account.~~

25 ~~(a) General rule. Except where otherwise specified in this~~  
26 ~~act, any money appropriated from the Tobacco Settlement Fund~~  
27 ~~that is unspent at the close of the State fiscal year shall~~  
28 ~~lapse into the Tobacco Endowment Account.~~

29 ~~(b) Volunteer firefighter health assistance grants. The~~  
30 ~~Governor may propose and the General Assembly may appropriate a~~

1 ~~sum not to exceed \$10,000,000 annually, drawn from interest~~  
2 ~~earned by the Tobacco Endowment Account, to be dedicated solely~~  
3 ~~for the purchase of contracts of insurance under section 6(c)(2)~~  
4 ~~of the act of June 11, 1968 (P.L.149, No.84), known as the~~  
5 ~~Volunteer Firefighters' Relief Association Act, or for~~  
6 ~~assistance in the purchase of health insurance. These moneys~~  
7 ~~shall be in addition to any annual allocation the volunteer~~  
8 ~~firefighters' relief association is entitled to receive under~~  
9 ~~Chapter 7 of the act of December 18, 1984 (P.L.1005, No.205),~~  
10 ~~known as the Municipal Pension Plan Funding Standard and~~  
11 ~~Recovery Act. Priority consideration for grant awards shall be~~  
12 ~~given to volunteer firefighter relief associations that receive~~  
13 ~~less than \$10,000 under the Volunteer Firefighters' Relief~~  
14 ~~Association Act.~~

15 ~~(c) Emergency expenditures. Whenever the Governor~~  
16 ~~determines that money from the Tobacco Endowment Account is~~  
17 ~~necessary to meet the extraordinary or emergency health care~~  
18 ~~needs of the citizens of this Commonwealth, the Governor shall~~  
19 ~~present a detailed spending proposal with a request for an~~  
20 ~~appropriation and any necessary legislation to the chairman of~~  
21 ~~the Appropriations Committee of the Senate and the chairman of~~  
22 ~~the Appropriations Committee of the House of Representatives.~~  
23 ~~The General Assembly may, through approval of a separate~~  
24 ~~appropriation bill by a vote of two thirds of the members~~  
25 ~~elected to the Senate and to the House of Representatives,~~  
26 ~~appropriate money from the Tobacco Endowment Account to meet the~~  
27 ~~needs identified in the Governor's request.~~

28 ~~(d) Relapsing of funds. Any money appropriated under this~~  
29 ~~section that lapses shall be returned to the Tobacco Endowment~~  
30 ~~Account.~~

1 ~~Section 308. Annual report.~~

2 ~~By October 1 of each year, the board shall submit a report to~~  
3 ~~the Governor and the General Assembly. The report shall provide~~  
4 ~~an analysis of the status of the current investments and~~  
5 ~~transactions made over the last fiscal year for the fund and the~~  
6 ~~accounts and shall include, at a minimum:~~

7 ~~(1) a listing of individual securities that exceed one-~~  
8 ~~year duration either purchased or sold during the fiscal~~  
9 ~~year;~~

10 ~~(2) a listing of individual securities held at the end~~  
11 ~~of the fiscal year; and~~

12 ~~(3) the realized and unrealized gains or losses~~  
13 ~~resulting from appreciation or depreciation of securities~~  
14 ~~owned at any time during the fiscal year.~~

15 ~~CHAPTER 5~~

16 ~~HEALTH INVESTMENT INSURANCE~~

17 ~~Section 501. Scope.~~

18 ~~This chapter deals with health investment insurance.~~

19 ~~Section 502. Definitions.~~

20 ~~The following words and phrases when used in this chapter~~  
21 ~~shall have the meanings given to them in this section unless the~~  
22 ~~context clearly indicates otherwise:~~

23 ~~"Contractor." An insurer or other entity or its subsidiaries~~  
24 ~~operating under 40 Pa.C.S. Ch. 61 (relating to hospital plan~~  
25 ~~corporations) or 63 (relating to professional health services~~  
26 ~~plan corporations), or both.~~

27 ~~"Department." The Insurance Department of the Commonwealth.~~

28 ~~"Eligible adult." A low income adult who meets all of the~~  
29 ~~following:~~

30 ~~(1) Legally resides within the United States.~~

1           ~~(2) Has been domiciled in this Commonwealth for at least~~  
2           ~~90 days prior to enrollment.~~

3           ~~(3) Is not covered by a health insurance plan, a self-~~  
4           ~~insurance plan or a self funded plan.~~

5           ~~(4) Has not been covered by a health insurance plan, a~~  
6           ~~self insurance plan or a self funded plan during the three~~  
7           ~~months immediately preceding the determination of eligibility~~  
8           ~~unless the individual:~~

9                   ~~(i) Is currently eligible to receive benefits~~  
10                   ~~pursuant to the act of December 5, 1936 (2nd Sp.Sess.,~~  
11                   ~~1937 P.L.2897, No.1), known as the Unemployment~~  
12                   ~~Compensation Law.~~

13                   ~~(ii) Was covered under one of the above plans, but~~  
14                   ~~is no longer employed and is presently ineligible to~~  
15                   ~~receive benefits pursuant to the Unemployment~~  
16                   ~~Compensation Law.~~

17                   ~~(iii) Is the spouse of an adult in subparagraph (i)~~  
18                   ~~or (ii).~~

19           ~~(5) Is ineligible for medical assistance or Medicare.~~

20           ~~"Hospital." A hospital as defined and licensed under the act~~  
21           ~~of July 19, 1979 (P.L.130, No.48), known as the Health Care~~  
22           ~~Facilities Act.~~

23           ~~"Insurer." An insurance company, association, reciprocal,~~  
24           ~~health maintenance organization, fraternal benefits society or a~~  
25           ~~risk bearing preferred provider organization that offers health~~  
26           ~~care benefits and is subject to regulation under the act of May~~  
27           ~~17, 1921 (P.L.682, No.284), known as The Insurance Company Law~~  
28           ~~of 1921, or the act of December 29, 1972 (P.L.1701, No.364),~~  
29           ~~known as the Health Maintenance Organization Act.~~

30           ~~"Low income adult." An individual who is between 19 and 64~~

1 ~~years of age and whose household income is less than 200% of the~~  
2 ~~Federal poverty level at the time of eligibility determination.~~

3 ~~"Medicare." The Federal program established under Title~~  
4 ~~XVIII of the Social Security Act (49 Stat. 620, 42 U.S.C. § 1395~~  
5 ~~et seq.).~~

6 ~~"Medical assistance." The State program of medical~~  
7 ~~assistance established under the act of June 13, 1967 (P.L. 31,~~  
8 ~~No. 21), known as the Public Welfare Code.~~

9 ~~"Monthly income." The monthly income of an individual as~~  
10 ~~determined by the Department of Public Welfare when applying the~~  
11 ~~income deductions applicable in determining eligibility for~~  
12 ~~Medicare cost sharing in accordance with 42 U.S.C. §~~  
13 ~~1396a(a)(10)(E).~~

14 ~~"Offeror." A person who submits a proposal in response to~~  
15 ~~the department's request for proposals issued pursuant to~~  
16 ~~section 503(f).~~

17 ~~"Preexisting condition." A disease or physical condition for~~  
18 ~~which medical advice or treatment has been received prior to the~~  
19 ~~effective date of coverage.~~

20 ~~Section 503. Adult basic coverage insurance program.~~

21 ~~(a) Program establishment. There is established in the~~  
22 ~~department an adult basic coverage insurance program. Fund~~  
23 ~~appropriations to the department for the program shall be used~~  
24 ~~for contracts to provide basic health care insurance for~~  
25 ~~eligible adults and outreach activities. The department shall,~~  
26 ~~to the greatest extent practicable, ensure that all eligible~~  
27 ~~adults in this Commonwealth have access to the program~~  
28 ~~established in this section.~~

29 ~~(b) Eligible adult responsibilities. An eligible adult~~  
30 ~~seeking to purchase adult basic coverage insurance shall:~~

1           ~~(1) Submit an application to the department.~~

2           ~~(2) Pay to the department or its contractor \$30 per~~  
3           ~~month for coverage.~~

4           ~~(3) Be responsible for any required copayments for~~  
5           ~~health care services rendered under the benefit package in~~  
6           ~~subsection (f)(2).~~

7           ~~(4) Notify the department or its contractor of any~~  
8           ~~change in the eligible adult's income.~~

9           ~~(c) Purchase of insurance. An eligible adult's payment to~~  
10          ~~the department or its contractor under subsection (b)(2) shall~~  
11          ~~be used to purchase the benefit package in subsection (f)(2) for~~  
12          ~~the adult. The appropriations for the program shall be used by~~  
13          ~~the department to pay the difference between the cost of the~~  
14          ~~benefit package in subsection (f)(2) and the eligible adult's~~  
15          ~~payment. Subsidization of the benefit package in subsection~~  
16          ~~(f)(2) is contingent upon the amount of the appropriations to~~  
17          ~~the program and limited to eligible adults in compliance with~~  
18          ~~subsection (b). Nothing under this section shall constitute an~~  
19          ~~entitlement derived from the Commonwealth or a claim on any~~  
20          ~~funds of the Commonwealth.~~

21          ~~(d) Insufficient appropriations. The department shall~~  
22          ~~maintain a waiting list of eligible adults who have applied for~~  
23          ~~adult basic coverage insurance but who are not enrolled due to~~  
24          ~~insufficient appropriations. The department shall maintain the~~  
25          ~~list in a manner that reflects the order in which applications~~  
26          ~~were received by the department. An eligible adult placed on the~~  
27          ~~list shall be notified when that eligible adult becomes eligible~~  
28          ~~for subsidization of the benefit package. An eligible adult who~~  
29          ~~does not receive adult basic coverage insurance due to~~  
30          ~~insufficient appropriations to the program may purchase the~~

1 ~~benefit package in subsection (f)(2) at the actual cost of the~~  
2 ~~benefit package.~~

3 ~~(c) Department responsibilities. The department shall:~~

4 ~~(1) Administer the adult basic coverage insurance~~  
5 ~~program.~~

6 ~~(2) Enter into contracts for health care insurance in~~  
7 ~~accordance with 62 Pa.C.S. (relating to procurement). The~~  
8 ~~department may award contracts on a multiple award basis.~~

9 ~~(3) Conduct monitoring and oversight of executed~~  
10 ~~contracts.~~

11 ~~(4) Annually redetermine the eligibility of individuals~~  
12 ~~receiving subsidization of the benefit package in subsection~~  
13 ~~(f)(2).~~

14 ~~(5) In consultation with appropriate Commonwealth~~  
15 ~~agencies, monitor, review and evaluate the adequacy,~~  
16 ~~accessibility and availability of insurance being subsidized~~  
17 ~~by the program.~~

18 ~~(6) In consultation with appropriate Commonwealth~~  
19 ~~agencies, establish and coordinate the development,~~  
20 ~~implementation and supervision of an outreach plan.~~

21 ~~(7) Report on an annual basis to the General Assembly~~  
22 ~~the number of eligible adults purchasing the adult basic~~  
23 ~~coverage insurance, the cost of the insurance and the amount~~  
24 ~~an eligible adult contributes toward the insurance.~~

25 ~~(f) Request for proposals. In accordance with subsection~~  
26 ~~(e)(2), the department shall issue a request for proposals for~~  
27 ~~the adult basic coverage insurance. The request shall require:~~

28 ~~(1) An offeror to assure that if selected as a~~  
29 ~~contractor it will do all of the following:~~

30 ~~(i) Ensure, to the greatest extent possible, that on~~

1 ~~a Statewide basis eligible adults have access to primary~~  
2 ~~health care physicians and nurse practitioners.~~

3 ~~(ii) Contract with qualified, cost effective~~  
4 ~~providers, which may include primary health care~~  
5 ~~physicians, nurse practitioners, clinics and health~~  
6 ~~maintenance organizations, to provide health care for~~  
7 ~~eligible adults in a manner that best manages the costs~~  
8 ~~of the services, including using managed health care~~  
9 ~~techniques that cap physician office copayments and other~~  
10 ~~appropriate medical cost management methods.~~

11 ~~(iii) Ensure that an individual who may be eligible~~  
12 ~~for medical assistance receives assistance in applying~~  
13 ~~for medical assistance, including, at a minimum, written~~  
14 ~~notice of the telephone number and address of the county~~  
15 ~~assistance office where the adult can apply for these~~  
16 ~~benefits. If requested by the individual, a contractor~~  
17 ~~shall forward a completed application for medical~~  
18 ~~assistance to the appropriate office for a medical~~  
19 ~~assistance determination of eligibility.~~

20 ~~(iv) Not prohibit enrollment based upon a~~  
21 ~~preexisting condition nor exclude a diagnosis or~~  
22 ~~treatment for the condition based on the condition's~~  
23 ~~preexistence.~~

24 ~~(v) Provide a basic benefit package for eligible~~  
25 ~~adults consistent with the scope and duration~~  
26 ~~requirements of the request for proposals.~~

27 ~~(vi) Provide an insurance identification card to~~  
28 ~~each eligible adult covered under a contract executed~~  
29 ~~under this section. The card shall not specifically~~  
30 ~~identify the holder as low income.~~

1           ~~(vii) Not pay any claim on behalf of an eligible~~  
2           ~~adult unless all other Federal, State and local resources~~  
3           ~~available to the adult are utilized first.~~

4           ~~(viii) Require each primary care physician providing~~  
5           ~~primary care services under this section to make~~  
6           ~~necessary arrangements for admission to hospitals and for~~  
7           ~~necessary specialty care.~~

8           ~~(2) A basic benefit package with scope and duration~~  
9           ~~determined by the department that includes:~~

10           ~~(i) Preventive care.~~

11           ~~(ii) Physician services.~~

12           ~~(iii) Diagnosis and treatment of illness or injury,~~  
13           ~~including all medically necessary covered services~~  
14           ~~related to the diagnosis and treatment of sickness and~~  
15           ~~injury and other conditions provided on an ambulatory~~  
16           ~~basis, such as laboratory tests, x rays, wound dressing~~  
17           ~~and casting to immobilize fractures.~~

18           ~~(iv) Inpatient hospitalization.~~

19           ~~(v) Outpatient hospital services.~~

20           ~~(vi) Emergency accident and emergency medical care.~~

21           ~~(3) An offeror to demonstrate that it is providing~~  
22           ~~health care services for eligible adults that meet the~~  
23           ~~purposes and intent of subsection (f)(2) before requesting a~~  
24           ~~waiver of subsection (f)(1)(v).~~

25           ~~(g) Proposals. Upon publication of a request for proposals,~~  
26           ~~an entity and its subsidiaries that operate subject to the~~  
27           ~~provisions of 40 Pa.C.S. Ch. 61 (relating to hospital plan~~  
28           ~~corporations) or 63 (relating to professional health services~~  
29           ~~plan corporations), or both, shall submit a proposal to the~~  
30           ~~department to carry out the purposes of this section. Upon~~

1 ~~publication of a request for proposals, an insurer doing~~  
2 ~~business in this Commonwealth may submit a proposal to the~~  
3 ~~department to carry out the purposes of this section.~~

4 ~~(h) Reviewing, scoring and selection of proposals. The~~  
5 ~~department shall review and score the proposals on the basis of~~  
6 ~~all of the requirements for the adult basic coverage insurance~~  
7 ~~program. The department may include such other criteria in the~~  
8 ~~request for proposals and in the scoring and selection of the~~  
9 ~~proposals that the department, in the exercise of its~~  
10 ~~administrative duties under this section, deems necessary;~~  
11 ~~however, the department shall:~~

12 ~~(1) Select, to the greatest extent practicable, offerors~~  
13 ~~that contract with providers to provide health care services~~  
14 ~~on a cost effective basis. The department shall select~~  
15 ~~offerors that use appropriate cost management methods that~~  
16 ~~enable the program to provide coverage to the maximum number~~  
17 ~~of eligible adults and that, whenever possible, pursue and~~  
18 ~~utilize available public and private funds.~~

19 ~~(2) Select, to the greatest extent practicable, only~~  
20 ~~offerors that comply with all procedures relating to~~  
21 ~~coordination of benefits as required by the department and~~  
22 ~~the Department of Public Welfare.~~

23 ~~(3) Select offerors that limit administrative expenses~~  
24 ~~to no more than 7.5% of the amount of any contract. If after~~  
25 ~~the first three full years of operation any contractor~~  
26 ~~presents documented evidence that administrative expenses are~~  
27 ~~in excess of 7.5% of the amount of the contract, the~~  
28 ~~department may make an additional payment, not to exceed 2.5%~~  
29 ~~of the amount of the contract, for future administrative~~  
30 ~~expenses to the contractor to the extent that the department~~

1 ~~finds the expenses reasonable and necessary.~~

2 ~~(i) Negotiations. The department shall not negotiate a~~  
3 ~~contract for a period in excess of three years.~~

4 ~~(j) Waivers. The department may grant a waiver of the~~  
5 ~~benefit package required by subsection (f)(1)(v) if the offeror~~  
6 ~~demonstrates that it is providing health care services for~~  
7 ~~eligible adults that meet the purposes and intent of subsection~~  
8 ~~(f)(2).~~

9 ~~(k) Adjustments. Following the first year of operation, and~~  
10 ~~periodically thereafter, the department, in consultation with~~  
11 ~~appropriate Commonwealth agencies, shall review enrollment~~  
12 ~~patterns for the adult basic coverage insurance program. Based~~  
13 ~~on the results of the review and the amount of available~~  
14 ~~appropriations, the department may adjust the amount paid by an~~  
15 ~~eligible adult toward the basic benefit package by regulation.~~  
16 ~~Changes in the amount shall be promulgated as a final form~~  
17 ~~regulation with proposed rulemaking omitted in accordance with~~  
18 ~~the act of June 25, 1982 (P.L.633, No.181), known as the~~  
19 ~~Regulatory Review Act.~~

20 ~~(l) Limitation. In no case shall the total aggregate amount~~  
21 ~~of annual contracts entered into pursuant to this section exceed~~  
22 ~~the amount of the aggregate annual appropriations to the~~  
23 ~~department for the adult basic coverage insurance program.~~

24 ~~CHAPTER 6~~

25 ~~FAMILY HEALTH CARE IMPROVEMENT~~

26 ~~SUBCHAPTER A~~

27 ~~GENERAL PROVISIONS~~

28 ~~Section 601. Scope of chapter.~~

29 ~~This chapter deals with family health care improvement.~~

30 ~~Section 602. Legislative findings and intent.~~

1       ~~The General Assembly finds and declares as follows:~~

2           ~~(1) All citizens of this Commonwealth should have access~~  
3       ~~to affordable and reasonably priced health care and to~~  
4       ~~nondiscriminatory treatment by health insurers and providers.~~

5           ~~(2) The uninsured health care population of this~~  
6       ~~Commonwealth is estimated to be over one million persons and~~  
7       ~~many thousands more lack adequate insurance coverage. It is~~  
8       ~~also estimated that approximately two thirds of the uninsured~~  
9       ~~are employed or dependents of employed persons.~~

10          ~~(3) Over one third of the uninsured health care~~  
11       ~~population are children. Uninsured children are of particular~~  
12       ~~concern because of their need for ongoing preventive and~~  
13       ~~primary care. Measures not taken to care for such children~~  
14       ~~now will result in higher human and financial costs later.~~

15          ~~(4) Uninsured children lack access to timely and~~  
16       ~~appropriate primary and preventive care. As a result, health~~  
17       ~~care is often delayed or foregone, resulting in increased~~  
18       ~~risk of developing more severe conditions which in turn are~~  
19       ~~more expensive to treat. This tendency to delay care and to~~  
20       ~~seek ambulatory care in hospital based settings also causes~~  
21       ~~inefficiencies in the health care system.~~

22          ~~(5) Health care markets have been distorted through cost~~  
23       ~~shifts for the uncompensated health care costs of uninsured~~  
24       ~~citizens of this Commonwealth which has caused decreased~~  
25       ~~competitive capacity on the part of those health care~~  
26       ~~providers who serve the poor and increased costs of other~~  
27       ~~health care payors.~~

28          ~~(6) No one sector can absorb the cost of providing~~  
29       ~~health care to citizens of this Commonwealth who cannot~~  
30       ~~afford health care on their own. The cost is too large for~~

1 ~~the public sector alone to bear and instead requires the~~  
2 ~~establishment of a public and private partnership to share~~  
3 ~~the costs in a manner economically feasible for all~~  
4 ~~interests. The magnitude of this need also requires that it~~  
5 ~~be done on a time phased, cost managed and planned basis.~~

6 ~~(7) Eligible children in this Commonwealth should have~~  
7 ~~access to cost effective, comprehensive primary health~~  
8 ~~coverage if they are unable to afford coverage or obtain it.~~

9 ~~(8) Care should be provided in appropriate settings by~~  
10 ~~efficient providers, consistent with high quality care and at~~  
11 ~~an appropriate stage, soon enough to avert the need for~~  
12 ~~overly expensive treatment.~~

13 ~~(9) Equity should be assured among health providers and~~  
14 ~~payors by providing a mechanism for providers, employers, the~~  
15 ~~public sector and patients to share in financing indigent~~  
16 ~~children's health care.~~

17 ~~(10) The parents of uninsured children often are also~~  
18 ~~uninsured. Therefore, to the extent that financial resources~~  
19 ~~are available to provide coverage for the parents of children~~  
20 ~~enrolled in the Children's Health Insurance Program, every~~  
21 ~~effort should be made to ensure that these parents are also~~  
22 ~~covered through the program.~~

23 ~~Section 603. Definitions.~~

24 ~~The following words and phrases when used in this chapter~~  
25 ~~shall have the meanings given to them in this section unless the~~  
26 ~~context clearly indicates otherwise:~~

27 ~~"Child." A person under 19 years of age.~~

28 ~~"Children's Health Insurance Program." The health insurance~~  
29 ~~program established in this chapter.~~

30 ~~"Children's medical assistance." Medical assistance services~~

1 ~~to children as required under Title XIV of the Social Security~~  
2 ~~Act (49 Stat. 620, 42 U.S.C. § 301 et seq.), including early and~~  
3 ~~periodic screening, diagnosis and treatment services.~~

4 ~~"Contractor."—An entity awarded a contract under Subchapter~~  
5 ~~B to provide health care services under this chapter. The term~~  
6 ~~includes an entity and its subsidiary which is established under~~  
7 ~~40 Pa.C.S. Ch. 61 (relating to hospital plan corporations) or 63~~  
8 ~~(relating to professional health services plan corporations);~~  
9 ~~the act of May 17, 1921 (P.L.682, No.284), known as The~~  
10 ~~Insurance Company Law of 1921; or the act of December 29, 1972~~  
11 ~~(P.L.1701, No.364), known as the Health Maintenance Organization~~  
12 ~~Act.~~

13 ~~"Council."—The Children's Health Advisory Council~~  
14 ~~established in section 611(i).~~

15 ~~Department."—The Insurance Department of the Commonwealth.~~

16 ~~"EPSDT."—Early and periodic screening, diagnosis and~~  
17 ~~treatment.~~

18 ~~"Federal CHIP funds."—Funds obtained under section 2101 of~~  
19 ~~the Social Security Act (49 Stat. 620, 42 U.S.C. § 1397aa).~~

20 ~~"Fund."—The Children's Health Fund for health care for~~  
21 ~~indigent children established by section 1296 of the act of~~  
22 ~~March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of~~  
23 ~~1971.~~

24 ~~"Genetic status."—The presence of a physical condition in an~~  
25 ~~individual which is a result of an inherited trait.~~

26 ~~"Group."—A group for which a health insurance policy is~~  
27 ~~written in this Commonwealth.~~

28 ~~"Health maintenance organization" or "HMO."—An entity~~  
29 ~~organized and regulated under the act of December 29, 1972~~  
30 ~~(P.L.1701, No.364), known as the Health Maintenance Organization~~

1 ~~Act.~~

2 ~~"Health service corporation."—A professional health service~~  
3 ~~corporation as defined in 40 Pa.C.S. § 6302 (relating to~~  
4 ~~definitions).~~

5 ~~"Hospital."—An institution having an organized medical staff~~  
6 ~~which is engaged primarily in providing to inpatients, by or~~  
7 ~~under the supervision of physicians, diagnostic and therapeutic~~  
8 ~~services for the care of injured, disabled, pregnant, diseased~~  
9 ~~or sick or mentally ill persons. The term includes facilities~~  
10 ~~for the diagnosis and treatment of disorders within the scope of~~  
11 ~~specific medical specialties. The term does not include~~  
12 ~~facilities caring exclusively for the mentally ill.~~

13 ~~"Hospital plan corporation."—A hospital plan corporation as~~  
14 ~~defined in 40 Pa.C.S. § 6101 (relating to definitions).~~

15 ~~"Insurer."—Any insurance company, association, reciprocal,~~  
16 ~~nonprofit hospital plan corporation, nonprofit professional~~  
17 ~~health service plan, health maintenance organization, fraternal~~  
18 ~~benefits society or a risk bearing PPO or nonrisk bearing PPO~~  
19 ~~not governed and regulated under the Employee Retirement Income~~  
20 ~~Security Act of 1974 (Public Law 93-406, 29 U.S.C. § 1001 et~~  
21 ~~seq.).~~

22 ~~"MAAC."—The Medical Assistance Advisory Committee.~~

23 ~~"Managed care organization."—Health maintenance organization~~  
24 ~~organized and regulated under the act of December 29, 1972~~  
25 ~~(P.L.1701, No.364), known as the Health Maintenance Organization~~  
26 ~~Act, or a risk assuming preferred provider organization or~~  
27 ~~exclusive provider organization, organized and regulated under~~  
28 ~~the act of May 17, 1921 (P.L.682, No.284), known as The~~  
29 ~~Insurance Company Law of 1921.~~

30 ~~"MCH."—Maternal and Child Health.~~

1       ~~"Medicaid."—The Federal medical assistance program~~  
2       ~~established under Title XIX of the Social Security Act (49 Stat.~~  
3       ~~620, 42 U.S.C. § 1396 et seq.).~~

4       ~~"Medical assistance."—The State program of medical~~  
5       ~~assistance established under the act of June 13, 1967 (P.L.31,~~  
6       ~~No.21), known as the Public Welfare Code.~~

7       ~~"Mid level health professional."—A physician assistant,~~  
8       ~~certified registered nurse practitioner, nurse practitioner or a~~  
9       ~~certified nurse midwife.~~

10       ~~"Parent."—A natural parent, stepparent, adoptive parent,~~  
11       ~~guardian or custodian of a child.~~

12       ~~"Participant."—A child enrolled in the Children's Health~~  
13       ~~Insurance Program or the parent of such a child who is also~~  
14       ~~enrolled.~~

15       ~~"PPO."—A preferred provider organization subject to the~~  
16       ~~provisions of section 630 of the act of May 17, 1921 (P.L.682,~~  
17       ~~No.284), known as The Insurance Company Law of 1921.~~

18       ~~"Preexisting condition."—A disease or physical condition for~~  
19       ~~which medical advice or treatment has been received prior to the~~  
20       ~~effective date of coverage.~~

21       ~~"Subgroup."—An employer covered under a contract issued to a~~  
22       ~~multiple employer trust or to an association.~~

23       ~~"Terminate."—Includes cancellation, nonrenewal and~~  
24       ~~rescission.~~

25       ~~"Waiting period."—A period of time after the effective date~~  
26       ~~of enrollment during which a health insurance plan excludes~~  
27       ~~coverage for the diagnosis or treatment of one or more medical~~  
28       ~~conditions.~~

29       ~~"WIC."—The Federal Supplemental Food Program for Women,~~  
30       ~~Infants and Children.~~

1 SUBCHAPTER B

2 PRIMARY HEALTH CARE PROGRAMS

3 ~~Section 611. Children's health care.~~

4 ~~(a) Dedication. The fund shall be dedicated exclusively for~~  
5 ~~distribution by the department through contracts in order to~~  
6 ~~provide free and subsidized health care services under this~~  
7 ~~section and to develop and implement outreach activities~~  
8 ~~required under section 612.~~

9 ~~(b) Use.—~~

10 ~~(1) The fund shall be used to fund health care services~~  
11 ~~for children as specified in this section. The department~~  
12 ~~shall assure that the program is implemented Statewide. All~~  
13 ~~contracts awarded under this section shall be awarded through~~  
14 ~~a competitive procurement process. The department shall use~~  
15 ~~its best efforts to ensure that eligible children across this~~  
16 ~~Commonwealth have access to health care services to be~~  
17 ~~provided under this chapter.~~

18 ~~(2) No more than 7.5% of the amount of the contract may~~  
19 ~~be used for administrative expenses of the contractor. If~~  
20 ~~after the first three full years of operation any contractor~~  
21 ~~presents documented evidence that administrative expenses are~~  
22 ~~in excess of 7.5% of the amount of the contract, the~~  
23 ~~department may make an additional allotment of funds, not to~~  
24 ~~exceed 2.5% of the amount of the contract, for future~~  
25 ~~administrative expenses to the contractor to the extent that~~  
26 ~~the department finds the expenses reasonable and necessary.~~

27 ~~(3) No less than 70% of the fund shall be used to~~  
28 ~~provide the health care services provided under this chapter~~  
29 ~~for children eligible for free care under subsection (d).~~

30 ~~When the department determines that 70% of the fund is not~~

1 ~~needed in order to achieve maximum enrollment of children~~  
2 ~~eligible for free care and promulgates a final form~~  
3 ~~regulation with proposed rulemaking omitted, this paragraph~~  
4 ~~shall expire.~~

5 ~~(4) To ensure that inpatient hospital care is provided~~  
6 ~~to eligible children, each primary care physician providing~~  
7 ~~primary care services shall make necessary arrangements for~~  
8 ~~admission to the hospital and for necessary specialty care.~~

9 ~~(c) Requirements.—~~

10 ~~(1) Any organization or corporation receiving funds from~~  
11 ~~the department to provide coverage of health care services~~  
12 ~~shall enroll, to the extent that funds are available, any~~  
13 ~~child who meets all of the following:~~

14 ~~(i) Except for newborns, has been a resident of this~~  
15 ~~Commonwealth for at least 30 days prior to enrollment.~~

16 ~~(ii) Is not covered by a health insurance plan, a~~  
17 ~~self insurance plan or a self funded plan or is not~~  
18 ~~eligible for or covered by medical assistance.~~

19 ~~(iii) Is qualified based on income under subsection~~  
20 ~~(d) or (e).~~

21 ~~(iv) Meets the citizenship requirements of the~~  
22 ~~Medicaid program administered by the Department of Public~~  
23 ~~Welfare.~~

24 ~~(2) Enrollment may not be denied on the basis of a~~  
25 ~~preexisting condition, nor may diagnosis or treatment for the~~  
26 ~~condition be excluded based on the condition's preexistence.~~

27 ~~(d) Free health care insurance.—The provision of health~~  
28 ~~care insurance for eligible children shall be free to a child~~  
29 ~~under 19 years of age whose family income is no greater than~~  
30 ~~200% of the Federal poverty level and to the parents of any~~

1 ~~eligible child, as funds are available.~~

2 ~~(c) Eligibility.—~~

3 ~~(1) The following shall apply:~~

4 ~~(i) The provision of health care insurance for an~~  
5 ~~eligible child who is under 19 years of age and whose~~  
6 ~~family income is greater than 200% of the Federal poverty~~  
7 ~~level but no greater than 235% of the Federal poverty~~  
8 ~~level may be subsidized by the fund at a rate not to~~  
9 ~~exceed 50%.~~

10 ~~(ii) The provision of health care insurance for the~~  
11 ~~parents of a child eligible to receive subsidized~~  
12 ~~coverage under this subsection may be subsidized by the~~  
13 ~~fund at a rate not to exceed 50%.~~

14 ~~(2) The difference between the pure premium of the~~  
15 ~~minimum benefit package in subsection (1)(6) and the subsidy~~  
16 ~~provided under this subsection shall be the amount paid by~~  
17 ~~the family of the eligible child purchasing the minimum~~  
18 ~~benefit package.~~

19 ~~(f) Purchase of coverage. The family of an eligible child~~  
20 ~~whose family income makes the child or the child's parents~~  
21 ~~eligible for free or subsidized care but who cannot receive care~~  
22 ~~due to lack of funds in the fund may purchase coverage for the~~  
23 ~~child at cost.~~

24 ~~(g) Department. The department shall:~~

25 ~~(1) Administer the children's health care program~~  
26 ~~pursuant to this chapter.~~

27 ~~(2) Review all bids and approve and execute all~~  
28 ~~contracts for the purpose of expanding access to health care~~  
29 ~~services for eligible children and their parents, as provided~~  
30 ~~for in this subchapter.~~

1           ~~(3) Conduct monitoring and oversight of contracts~~  
2           ~~entered into.~~

3           ~~(4) Issue an annual report to the Governor, the General~~  
4           ~~Assembly and the public for each fiscal year outlining~~  
5           ~~primary health services funded for the year, detailing the~~  
6           ~~outreach and enrollment efforts and reporting by county the~~  
7           ~~number of children and parents receiving health care services~~  
8           ~~from the fund, the projected number of eligible children and~~  
9           ~~parents and the number of eligible children and parents on~~  
10           ~~waiting lists for health care services.~~

11           ~~(5) In consultation with appropriate Commonwealth~~  
12           ~~agencies, coordinate the development and supervision of the~~  
13           ~~outreach plan required under section 612.~~

14           ~~(6) In consultation with appropriate Commonwealth~~  
15           ~~agencies, monitor, review and evaluate the adequacy,~~  
16           ~~accessibility and availability of services delivered to~~  
17           ~~children who are enrolled in the health insurance program~~  
18           ~~established under this subchapter.~~

19           ~~(h) Regulations. The department may promulgate regulations~~  
20           ~~necessary for the implementation and administration of this~~  
21           ~~subchapter.~~

22           ~~(i) Council. The Children's Health Advisory Council is~~  
23           ~~established within the department as an advisory council. The~~  
24           ~~following shall apply:~~

25           ~~(1) The council shall consist of 14 voting members.~~  
26           ~~Members provided for in subparagraphs (iv), (v), (vi), (vii),~~  
27           ~~(viii), (x) and (xi) shall be appointed by the Insurance~~  
28           ~~Commissioner. The council shall be geographically balanced on~~  
29           ~~a Statewide basis and shall include:~~

30           ~~(i) The Secretary of Health ex officio or a~~

1           ~~designee.~~

2           ~~(ii) The Insurance Commissioner ex officio or a~~  
3           ~~designee.~~

4           ~~(iii) The Secretary of Public Welfare ex officio or~~  
5           ~~a designee.~~

6           ~~(iv) A representative with experience in children's~~  
7           ~~health from a school of public health located in this~~  
8           ~~Commonwealth.~~

9           ~~(v) A physician with experience in children's health~~  
10          ~~appointed from a list of three qualified persons~~  
11          ~~recommended by the Pennsylvania Medical Society.~~

12          ~~(vi) A representative of a children's hospital or a~~  
13          ~~hospital with a pediatric outpatient clinic appointed~~  
14          ~~from a list of three persons submitted by the Hospital~~  
15          ~~Association of Pennsylvania.~~

16          ~~(vii) A parent of a child who receives primary~~  
17          ~~health care coverage from the fund.~~

18          ~~(viii) A mid level professional appointed from lists~~  
19          ~~of names recommended by Statewide associations~~  
20          ~~representing mid level health professionals.~~

21          ~~(ix) A senator appointed by the President pro~~  
22          ~~tempore of the Senate, a senator appointed by the~~  
23          ~~minority leader of the Senate, a representative appointed~~  
24          ~~by the Speaker of the House of Representatives and a~~  
25          ~~representative appointed by the minority leader of the~~  
26          ~~House of Representatives.~~

27          ~~(x) A representative from a private nonprofit~~  
28          ~~foundation.~~

29          ~~(xi) A representative of business who is not a~~  
30          ~~contractor or provider of primary health care insurance~~

1           ~~under this subchapter.~~

2           ~~(2) If any specified organization should cease to exist~~  
3           ~~or fail to make a recommendation within 90 days of a request~~  
4           ~~to do so, the council shall specify a new equivalent~~  
5           ~~organization to fulfill the responsibilities of this section.~~

6           ~~(3) The Insurance Commissioner shall chair the council.~~  
7           ~~The members of the council shall annually elect, by a~~  
8           ~~majority vote of the members, a vice chairperson from among~~  
9           ~~the members of the council.~~

10          ~~(4) The presence of eight members shall constitute a~~  
11          ~~quorum for the transacting of any business. Any act by a~~  
12          ~~majority of the members present at any meeting at which there~~  
13          ~~is a quorum shall be deemed to be that of the council.~~

14          ~~(5) All meetings of the council shall be conducted~~  
15          ~~pursuant to 65 Pa.C.S. Ch. 7 (relating to open meetings)~~  
16          ~~unless otherwise provided in this section. The council shall~~  
17          ~~meet at least annually and may provide for special meetings~~  
18          ~~as it deems necessary. Meeting dates shall be set by a~~  
19          ~~majority vote of members of the council or by call of the~~  
20          ~~chairperson upon seven days' notice to all members. The~~  
21          ~~council shall publish notice of its meetings in the~~  
22          ~~Pennsylvania Bulletin. Notice shall specify the date, time~~  
23          ~~and place of the meeting and shall state that the council's~~  
24          ~~meetings are open to the general public. All action taken by~~  
25          ~~the council shall be taken in open public session and shall~~  
26          ~~not be taken except upon a majority vote of the members~~  
27          ~~present at a meeting at which a quorum is present.~~

28          ~~(6) The members of the council shall not receive a~~  
29          ~~salary or per diem allowance for serving as members of the~~  
30          ~~council but shall be reimbursed for actual and necessary~~

1 ~~expenses incurred in the performance of their duties.~~

2 ~~(7) Terms of council members shall be as follows:~~

3 ~~(i) The appointed members shall serve for a term of~~  
4 ~~three years and shall continue to serve thereafter until~~  
5 ~~their successors are appointed.~~

6 ~~(ii) An appointed member shall not be eligible to~~  
7 ~~serve more than two full consecutive terms of three~~  
8 ~~years. Vacancies shall be filled in the same manner in~~  
9 ~~which they were designated within 60 days of the vacancy.~~

10 ~~(iii) An appointed member may be removed by the~~  
11 ~~appointing authority for just cause and by a vote of at~~  
12 ~~least seven members of the council.~~

13 ~~(8) The council shall review outreach activities and may~~  
14 ~~make recommendations to the department.~~

15 ~~(9) The council shall review and evaluate the~~  
16 ~~accessibility and availability of services delivered to~~  
17 ~~children enrolled in the program.~~

18 ~~(j) Solicitation of bids. The department shall solicit bids~~  
19 ~~and award contracts through a competitive procurement process~~  
20 ~~pursuant to the following:~~

21 ~~(1) To the fullest extent practicable, contracts shall~~  
22 ~~be awarded to entities that contract with providers to~~  
23 ~~provide primary care services for enrollees on a cost-~~  
24 ~~effective basis. The department shall require contractors to~~  
25 ~~use appropriate cost management methods so that the fund can~~  
26 ~~be used to provide the basic primary benefit services to the~~  
27 ~~maximum number of eligible children and, whenever possible,~~  
28 ~~to pursue and utilize available public and private funds.~~

29 ~~(2) To the fullest extent practicable, the department~~  
30 ~~shall require that any contractor comply with all procedures~~

1 relating to coordination of benefits as required by the  
2 department or the Department of Public Welfare.

3 ~~(3) Contracts may be for a term of up to three years.~~

4 ~~(k) Submission of bids. Upon receipt of a request for  
5 proposal from the department, each health plan corporation or  
6 its entities doing business in this Commonwealth shall submit a  
7 bid to the department to carry out the purposes of this section  
8 in the area serviced by the corporation.~~

9 ~~(l) Duties of contractor. A contractor with whom the  
10 department enters into a contract shall do the following:~~

11 ~~(1) Ensure to the maximum extent possible that eligible  
12 children have access to primary health care physicians and  
13 nurse practitioners on an equitable Statewide basis.~~

14 ~~(2) Contract with qualified, cost effective providers,  
15 which may include primary health care physicians, nurse  
16 practitioners, clinics and health maintenance organizations,  
17 to provide primary and preventive health care for enrollees  
18 on a basis best calculated to manage the costs of the  
19 services, including, but not limited to, using managed health  
20 care techniques and other appropriate medical cost management  
21 methods.~~

22 ~~(3) Ensure that the family of a child who may be  
23 eligible for medical assistance receives assistance in  
24 applying for medical assistance, including, at a minimum,  
25 written notice of the telephone number and address of the  
26 county assistance office where the family can apply for  
27 medical assistance.~~

28 ~~(4) Maintain waiting lists of children and their parents  
29 who are financially eligible and have applied for benefits  
30 but who were not enrolled due to lack of funds.~~

1           ~~(5) Strongly encourage all providers who provide primary~~  
2 ~~care to eligible children to participate in medical~~  
3 ~~assistance as qualified EPSDT providers and to continue to~~  
4 ~~provide care to children who become ineligible for payment~~  
5 ~~under the fund but who qualify for medical assistance.~~

6           ~~(6) Provide the following minimum benefit package for~~  
7 ~~eligible children:~~

8                 ~~(i) Preventive care. This subparagraph includes~~  
9 ~~well child care visits in accordance with the schedule~~  
10 ~~established by the American Academy of Pediatrics and the~~  
11 ~~services related to those visits, including, but not~~  
12 ~~limited to, immunizations, health education, tuberculosis~~  
13 ~~testing and developmental screening in accordance with~~  
14 ~~routine schedule of well child visits. Care shall also~~  
15 ~~include a comprehensive physical examination, including~~  
16 ~~X rays if necessary, for any child exhibiting symptoms of~~  
17 ~~possible child abuse.~~

18                 ~~(ii) Diagnosis and treatment of illness or injury,~~  
19 ~~including all medically necessary services related to the~~  
20 ~~diagnosis and treatment of sickness and injury and other~~  
21 ~~conditions provided on an ambulatory basis, such as~~  
22 ~~laboratory tests, wound dressing and casting to~~  
23 ~~immobilize fractures.~~

24                 ~~(iii) Injections and medications provided at the~~  
25 ~~time of the office visit or therapy and outpatient~~  
26 ~~surgery performed in the office, a hospital or~~  
27 ~~freestanding ambulatory service center, including~~  
28 ~~anesthesia provided in conjunction with such service or~~  
29 ~~during emergency medical service.~~

30                 ~~(iv) Emergency accident and emergency medical care.~~

1           ~~(v) Prescription drugs.~~

2           ~~(vi) Emergency, preventive and routine dental care.~~

3           ~~This subparagraph does not include orthodontia or~~  
4           ~~cosmetic surgery.~~

5           ~~(vii) Emergency, preventive and routine vision care,~~  
6           ~~including the cost of corrective lenses and frames, not~~  
7           ~~to exceed two prescriptions per year.~~

8           ~~(viii) Emergency, preventive and routine hearing~~  
9           ~~care.~~

10          ~~(ix) Inpatient hospitalization up to 90 days per~~  
11          ~~year for eligible children.~~

12          ~~(7) Each contractor shall provide an insurance~~  
13          ~~identification card to each eligible child covered under~~  
14          ~~contracts executed under this chapter. The card must not~~  
15          ~~specifically identify the holder as low income.~~

16          ~~(m) Waiver. The department may grant a waiver of the~~  
17          ~~minimum benefit package of subsection (1)(6) upon demonstration~~  
18          ~~by the applicant that it is providing health care services for~~  
19          ~~eligible children that meet the purposes and intent of this~~  
20          ~~section.~~

21          ~~(n) Review. After the first year of operation and~~  
22          ~~periodically thereafter, the department in consultation with~~  
23          ~~appropriate Commonwealth agencies shall review enrollment~~  
24          ~~patterns for both the free insurance program and the subsidized~~  
25          ~~insurance program. The department shall consider the~~  
26          ~~relationship, if any, among enrollment, enrollment fees, income~~  
27          ~~levels and family composition. Based on the results of this~~  
28          ~~study and the availability of funds, the department is~~  
29          ~~authorized to adjust the maximum income ceiling for free~~  
30          ~~insurance and the maximum income ceiling for subsidized~~

~~1 insurance by regulation. In no event, however, shall the maximum  
2 income ceiling for free insurance be raised above 200% of the  
3 Federal poverty level, nor shall the maximum income ceiling for  
4 subsidized insurance be raised above 235% of the Federal poverty  
5 level. Changes in the maximum income ceiling shall be  
6 promulgated as a final form regulation with proposed rulemaking  
7 omitted in accordance with the act of June 25, 1982 (P.L. 633,  
8 No.181), known as the Regulatory Review Act.~~

~~9 (o) Enrollment. An organization or corporation receiving  
10 funds from the department to provide coverage of health care  
11 services shall enroll, to the extent that funds are available,  
12 the parents of a child who:~~

~~13 (1) meets the eligibility criteria under subsection (c);~~

~~14 and~~

~~15 (2) is enrolled in the Children's Health Insurance  
16 Program.~~

~~17 (p) Subscription fee and deductible. The department may, by  
18 regulation, establish a subscription fee not in excess of \$50  
19 annually and a deductible not in excess of \$200 annually, for  
20 parents enrolled in the Children's Health Insurance Program.~~

~~21 Section 612. Outreach.~~

~~22 (a) Coordination. The department, in consultation with  
23 appropriate Commonwealth agencies, shall coordinate the  
24 development of an outreach plan to inform potential contractors,  
25 providers and enrollees regarding eligibility and available  
26 benefits. The plan shall include provisions for reaching special  
27 populations, including nonwhite and non-English speaking  
28 children and children with disabilities; for reaching different  
29 geographic areas, including rural and inner city areas; and for  
30 assuring that special efforts are coordinated within the overall~~

1 ~~outreach activities throughout this Commonwealth.~~

2 ~~(b) Review. The council shall review the outreach~~  
3 ~~activities and recommend changes as it deems in the best~~  
4 ~~interests of the children to be served.~~

5 ~~Section 613. Payor of last resort; insurance coverage.~~

6 ~~The contractor shall not pay any claim on behalf of an~~  
7 ~~enrolled participant unless all other Federal, State, local or~~  
8 ~~private resources available to the participant or the~~  
9 ~~participant's family are utilized first. The department, in~~  
10 ~~cooperation with the Department of Public Welfare, shall~~  
11 ~~determine that no other insurance coverage is available to the~~  
12 ~~child through a custodial or noncustodial parent or is available~~  
13 ~~to the parent on an employment related or other group basis. If~~  
14 ~~such insurance coverage is available, the department shall~~  
15 ~~reevaluate the child's eligibility under section 611.~~

16 ~~SUBCHAPTER G~~

17 ~~MISCELLANEOUS PROVISIONS~~

18 ~~Section 661. Limitation on expenditure of funds.~~

19 ~~In no case shall the total amount of annual contract awards~~  
20 ~~authorized in Subchapter B exceed the amount of cigarette tax~~  
21 ~~receipts annually deposited into the fund pursuant to section~~  
22 ~~1296 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax~~  
23 ~~Reform Code of 1971, and any other Federal or State funds~~  
24 ~~received through the fund, including Federal CHIP funds or~~  
25 ~~payments made available to the Commonwealth under this chapter~~  
26 ~~and appropriated by the General Assembly to the fund. The~~  
27 ~~provision of children's health care through the fund shall in no~~  
28 ~~way constitute an entitlement derived from the Commonwealth or a~~  
29 ~~claim on any other funds of the Commonwealth.~~

30 ~~Section 662. Waiting list.~~

1 ~~In the event that, at any time, there becomes a waiting list~~  
2 ~~for children to enroll in the Children's Health Insurance~~  
3 ~~Program based on the exhaustion of Federal CHIP funds, no~~  
4 ~~additional uninsured parent shall be enrolled until said waiting~~  
5 ~~list is exhausted.~~

6 ~~Section 663.—Continuation.~~

7 ~~All entities receiving grants under Article XXIII of the act~~  
8 ~~of May 17, 1921 (P.L.682, No.284), known as The Insurance~~  
9 ~~Company Law of 1921, on the effective date of this chapter shall~~  
10 ~~continue to receive funds and provide services as required under~~  
11 ~~that act until notice is received from the department.~~

12 ~~Section 664.—Waiver.~~

13 ~~Should the department determine that a waiver of Federal law~~  
14 ~~is required in order to use Federal CHIP funds to provide~~  
15 ~~coverage for the parents of children eligible to enroll in the~~  
16 ~~Children's Health Insurance Program, the department shall file~~  
17 ~~an application for such a waiver no later than 90 days after the~~  
18 ~~effective date of this chapter.~~

19 ~~Section 665.—Annual appropriation.~~

20 ~~The General Assembly shall annually appropriate such moneys~~  
21 ~~from the funds received by the Commonwealth pursuant to the~~  
22 ~~Master Settlement Agreement as it determines necessary to~~  
23 ~~fulfill the purposes of this chapter. Funds that are unexpended~~  
24 ~~at the end of each State fiscal year shall lapse back into the~~  
25 ~~Tobacco Endowment Fund.~~

26 ~~Section 666.—Expiration.~~

27 ~~The provisions of this chapter which provide for health~~  
28 ~~insurance coverage for parents of CHIP eligible children shall~~  
29 ~~expire five years after the effective date of this chapter,~~  
30 ~~unless otherwise extended.~~

CHAPTER 7

~~TOBACCO USE PREVENTION AND CESSATION EFFORTS~~

~~Section 701. Scope.~~

~~This chapter deals with tobacco use prevention and cessation efforts.~~

~~Section 702. Definitions.~~

~~The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:~~

~~"Committee."—The Tobacco Use Prevention and Cessation Advisory Committee established in section 705.~~

~~"Department."—The Department of Health of the Commonwealth.~~

~~"Primary contractor."—A person located in this Commonwealth that develops, implements or monitors tobacco use prevention and cessation programs in a service area. The term includes:~~

~~(1) A for profit or nonprofit organization, including a community foundation, that provides tobacco use prevention and cessation programs.~~

~~(2) An entity created under the act of April 14, 1972 (P.L.221, No.63), known as the Pennsylvania Drug and Alcohol Abuse Control Act.~~

~~(3) A municipality or a municipal health department created pursuant to the act of August 24, 1951 (P.L.1304, No.315), known as the Local Health Administration Law.~~

~~(4) An institution of higher education.~~

~~(5) A hospital established under the act of July 19, 1979 (P.L.130, No.48), known as the Health Care Facilities Act.~~

~~"Secretary."—The Secretary of Health of the Commonwealth.~~

~~"Service area."—A geographic area designated by the~~

1 ~~Department of Health under section 704.~~

2 ~~"Service provider."—A person located in this Commonwealth~~  
3 ~~that is selected by the primary contractor to receive a grant to~~  
4 ~~provide tobacco use prevention and cessation programs. The term~~  
5 ~~includes:~~

6 ~~(1) A for profit or nonprofit organization that provides~~  
7 ~~tobacco use prevention and cessation programs.~~

8 ~~(2) An entity created under the act of April 14, 1972~~  
9 ~~(P.L.221, No.63), known as the Pennsylvania Drug and Alcohol~~  
10 ~~Abuse Control Act.~~

11 ~~(3) A municipality or a municipal health department~~  
12 ~~created under the act of August 24, 1951 (P.L.1304, No.315),~~  
13 ~~known as the Local Health Administration Law.~~

14 ~~(4) An institution of higher education.~~

15 ~~(5) A hospital established under the act of July 19,~~  
16 ~~1979 (P.L.130, No.48), known as the Health Care Facilities~~  
17 ~~Act.~~

18 ~~(6) A school district or intermediate unit.~~

19 ~~"Tobacco prevention program."—The comprehensive tobacco use~~  
20 ~~prevention and cessation program established in section 703, the~~  
21 ~~goal of which is to eliminate or reduce disease, disability and~~  
22 ~~death, related to tobacco use among residents of this~~  
23 ~~Commonwealth, utilizing the "Best Practices for Comprehensive~~  
24 ~~Tobacco Control Programs," or a successor program, of the~~  
25 ~~National Centers for Disease Control and Prevention.~~  
26 ~~Section 703.—Tobacco prevention program.~~

27 ~~(a) Establishment.—There is hereby established in the~~  
28 ~~department a tobacco prevention program. Appropriations from the~~  
29 ~~fund to the department for the tobacco prevention program shall~~  
30 ~~be used to implement the tobacco prevention program.~~

1 ~~(b) Components. The program shall include the following:~~

2 ~~(1) Community and school programs designed to reduce~~  
3 ~~tobacco use.~~

4 ~~(2) Chronic disease programs to reduce the burden of~~  
5 ~~tobacco related diseases including prevention and early~~  
6 ~~detection.~~

7 ~~(3) Enforcement of applicable laws related to tobacco~~  
8 ~~access.~~

9 ~~(4) Efforts designed to counter tobacco influences and~~  
10 ~~increase health related messages.~~

11 ~~(5) Tobacco cessation programs with a priority for~~  
12 ~~saving the uninsured and low income populations.~~

13 ~~(6) Monitoring program accountability by requiring the~~  
14 ~~evaluation and documentation of program results.~~

15 ~~(7) Administration and management to facilitate~~  
16 ~~coordination of the programs.~~

17 ~~Section 704. Powers and duties of department.~~

18 ~~The department has the following powers and duties:~~

19 ~~(1) To administer the tobacco prevention program in a~~  
20 ~~manner which provides local services to Commonwealth~~  
21 ~~residents.~~

22 ~~(2) To annually establish tobacco prevention program~~  
23 ~~priorities for the Commonwealth in consultation with the~~  
24 ~~committee.~~

25 ~~(3) To divide this Commonwealth into no more than 67~~  
26 ~~service areas in order to provide for the effective and~~  
27 ~~geographically dispersed delivery of the tobacco prevention~~  
28 ~~program. The department shall foster collaboration among~~  
29 ~~geographic regions of this Commonwealth.~~

30 ~~(4) To enter into contracts with at least one and no~~

1 ~~more than two primary contractors in each service area, under~~  
2 ~~section 708.~~

3 ~~(5) To approve plans submitted by primary contractors,~~  
4 ~~including the specific goals with measurable objectives to be~~  
5 ~~met by the primary contractors for each service area.~~

6 ~~(6) To coordinate, monitor and evaluate the tobacco~~  
7 ~~prevention program funded under this chapter to ensure~~  
8 ~~compliance with program priorities and goals and to ensure~~  
9 ~~delivery of program services in all geographic areas of this~~  
10 ~~Commonwealth. Programs shall be coordinated with other~~  
11 ~~efforts to prevent and reduce exposure to and consumption of~~  
12 ~~tobacco.~~

13 ~~(7) To determine the level of tobacco use in this~~  
14 ~~Commonwealth and each of the service areas and monitor~~  
15 ~~changes in the level of tobacco use in this Commonwealth and~~  
16 ~~each of the service areas based on available information.~~

17 ~~(8) To submit a report no later than November 1, 2002,~~  
18 ~~and annually thereafter to the chair and minority chair of~~  
19 ~~the Public Health and Welfare Committee of the Senate and the~~  
20 ~~chair and minority chair of the Health and Human Services~~  
21 ~~Committee of the House of Representatives. The annual report~~  
22 ~~also shall be posted on the department's publicly accessible~~  
23 ~~World Wide Web site. The report shall include the activities~~  
24 ~~of the department in implementing the act, including:~~

25 ~~(i) Identification of the primary contractor and all~~  
26 ~~service providers in each service area.~~

27 ~~(ii) Identification of tobacco prevention program~~  
28 ~~priorities under paragraph (2).~~

29 ~~(iii) The goals of each primary contractor and~~  
30 ~~whether its goals have been met.~~

1           ~~(iv) The information and methodology derived from~~  
2           ~~the implementation of paragraph (7).~~

3   ~~Section 705. Committee.~~

4           ~~(a) Establishment. There is established in the department~~  
5   ~~the Tobacco Use Prevention and Cessation Advisory Committee.~~

6           ~~(b) Membership. The committee is comprised of the~~  
7   ~~following:~~

8           ~~(1) The secretary or a designee, who shall serve as~~  
9   ~~chairperson.~~

10          ~~(2) Six members appointed by the secretary.~~

11          ~~(3) One member appointed by the President pro tempore of~~  
12   ~~the Senate and one member appointed by the Minority Leader of~~  
13   ~~the Senate.~~

14          ~~(4) One member appointed by the Speaker of the House of~~  
15   ~~Representatives and one member appointed by the Minority~~  
16   ~~Leader of the House of Representatives.~~

17          ~~(c) Qualifications. Members appointed to the committee must~~  
18   ~~possess expertise in community, clinical or public health~~  
19   ~~practices or programs related to tobacco use prevention and~~  
20   ~~cessation.~~

21          ~~(d) Terms.—~~

22           ~~(1) The secretary shall serve ex officio.~~

23           ~~(2) A member under subsection (b)(2) shall serve a term~~  
24   ~~of four years.~~

25           ~~(3) A member under subsection (b)(3) shall serve a term~~  
26   ~~of four years but may be removed at the pleasure of the~~  
27   ~~appointing authority.~~

28           ~~(4) A member under subsection (b)(4) shall serve a term~~  
29   ~~of two years but may be removed at the pleasure of the~~  
30   ~~appointing authority.~~

1           ~~(5) An appointment to fill a vacancy shall be for the~~  
2           ~~period of the unexpired term or until a successor is~~  
3           ~~appointed and qualified.~~

4           ~~(c) Meetings. The committee shall meet as needed, but at~~  
5           ~~least twice a year, to fulfill the purposes provided for in this~~  
6           ~~chapter. A majority of the members of the committee constitutes~~  
7           ~~a quorum. A majority of the members of the committee has~~  
8           ~~authority to act upon any matter properly before it. The~~  
9           ~~committee is authorized to establish rules for its operation and~~  
10           ~~shall hold at least one public hearing annually. Meetings of the~~  
11           ~~committee shall be conducted under 65 Pa.C.S. Ch. 7 (relating to~~  
12           ~~open meetings).~~

13           ~~(f) Expenses. Members shall receive no payment for their~~  
14           ~~services. Members who are not employees of State government~~  
15           ~~shall be reimbursed for expenses incurred in the course of their~~  
16           ~~official duties.~~

17           ~~(g) Powers and duties. The committee has the following~~  
18           ~~powers and duties:~~

19           ~~(1) Collect and review information relating to tobacco~~  
20           ~~use prevention and cessation.~~

21           ~~(2) In consultation with the department, establish~~  
22           ~~priorities and goals regarding tobacco use prevention and~~  
23           ~~cessation priorities.~~

24           ~~(3) In consultation with the department, establish~~  
25           ~~evaluation procedures to be used in approving primary~~  
26           ~~contractors and service providers.~~

27           ~~(4) Monitor the plans of primary contractors for~~  
28           ~~achievement of the goals and priorities established under~~  
29           ~~paragraph (2).~~

30           ~~(5) Any other oversight activities deemed necessary by~~

1 ~~the committee.~~

2 ~~Section 706. Primary contractors.~~

3 ~~(a) Applicants. An applicant to be a primary contractor~~  
4 ~~must submit a plan to the department which demonstrates the~~  
5 ~~ability of the primary contractor to develop, implement and~~  
6 ~~monitor the tobacco prevention program in a service area.~~

7 ~~(b) Department. The department shall review plans submitted~~  
8 ~~under subsection (a) and shall enter into a contract with the~~  
9 ~~primary contractor selected to provide the tobacco prevention~~  
10 ~~program in each service area.~~

11 ~~(c) Grants. The primary contractor shall award grants to~~  
12 ~~service providers to implement the tobacco prevention program~~  
13 ~~for the service area.~~

14 ~~(d) Duties of primary contractor. The primary contractor~~  
15 ~~shall do all of the following:~~

16 ~~(1) Develop a proposed plan, subject to department~~  
17 ~~approval, which meets the tobacco use, prevention and~~  
18 ~~cessation needs in the service area and the goals and~~  
19 ~~priorities established under section 704(2).~~

20 ~~(2) Award grants to service providers to implement the~~  
21 ~~tobacco prevention program in the service area in accordance~~  
22 ~~with the plan developed and approved under paragraph (1).~~  
23 ~~Priority may be given to service providers who have~~  
24 ~~experience in providing tobacco use prevention and cessation~~  
25 ~~services. In a service area with multiple service providers,~~  
26 ~~no individual service provider shall receive more than 50% of~~  
27 ~~the funds awarded to the primary contractor unless otherwise~~  
28 ~~approved by the department.~~

29 ~~(3) Establish tobacco reduction goals for each service~~  
30 ~~provider in the service area consistent with the plan adopted~~

1 ~~under paragraph (1).~~

2 ~~(4) Ensure that service providers are meeting the~~  
3 ~~priorities and goals set forth in the plan.~~

4 ~~(5) Coordinate the plan with other health related~~  
5 ~~programs to prevent or reduce tobacco use by individuals~~  
6 ~~receiving services from these programs.~~

7 ~~(6) Increase participation in tobacco prevention~~  
8 ~~programs by schools in the service area.~~

9 ~~(7) Solicit input from health care providers, community~~  
10 ~~organizations, public officials and other individuals and~~  
11 ~~groups regarding the plan for each service area.~~

12 ~~(8) Coordinate efforts with local law enforcement to~~  
13 ~~enforce existing restrictions on smoking.~~

14 ~~(9) Prepare and submit reports as required by the~~  
15 ~~department, which shall include all of the following:~~

16 ~~(i) Identification of service providers and grant~~  
17 ~~amount for each service provider by service area by~~  
18 ~~fiscal year.~~

19 ~~(ii) Identification of specific goals for tobacco~~  
20 ~~prevention programs to be met by service providers for~~  
21 ~~each service area.~~

22 ~~(iii) Details of the spending plan by service area~~  
23 ~~pursuant to section 704(3).~~

24 ~~(iv) Identification of indicators used to evaluate~~  
25 ~~whether specific goals have been met by fiscal year.~~

26 ~~Section 707. Service providers.~~

27 ~~(a) Applications. Service providers must apply to the~~  
28 ~~primary contractor in their service area for a grant to deliver~~  
29 ~~tobacco prevention program services in accordance with section~~  
30 ~~506. An application to be a service provider must include a~~

1 ~~description of the purpose of the service and the manner in~~  
2 ~~which the service will reduce or prevent tobacco use. The~~  
3 ~~application shall include the method by which the service~~  
4 ~~provider will be evaluated.~~

5 ~~(b) Service provider annual report. A service provider~~  
6 ~~awarded a grant under this chapter shall annually report to the~~  
7 ~~primary contractor and to the department all of the following:~~

8 ~~(1) Expenditures made with the grant awards.~~

9 ~~(2) Whether the goals set by the primary contractor have~~  
10 ~~been met.~~

11 ~~(3) Any other information deemed necessary by the~~  
12 ~~primary contractor or the department.~~

13 ~~Section 708. Contracts and grants.~~

14 ~~(a) Contracts. Contracts shall be awarded in accordance~~  
15 ~~with 62 Pa.C.S. (relating to procurement) and may be awarded on~~  
16 ~~a multiple award basis. Contracts with primary contractors shall~~  
17 ~~be for a period not to exceed three years. Funding for multiyear~~  
18 ~~contracts shall be subject to the availability of funds as~~  
19 ~~appropriated by the General Assembly.~~

20 ~~(b) Grants.—~~

21 ~~(1) All of the funds allocated under this chapter shall~~  
22 ~~be used for grants to primary contractors to develop tobacco~~  
23 ~~prevention programs.~~

24 ~~(2) In developing criteria for the award of grants, the~~  
25 ~~committee shall recognize that certain populations have been~~  
26 ~~targeted by tobacco product marketing and therefore shall~~  
27 ~~give priority consideration to community health initiatives,~~  
28 ~~tobacco prevention programs, tobacco use education programs~~  
29 ~~and tobacco cessation programs serving minority populations~~  
30 ~~and minors. Priority shall also be given to similar programs~~

1 ~~servicing other demographic groups and geographic regions which~~  
2 ~~suffer from disproportionately high rates of lung cancer or~~  
3 ~~other tobacco related diseases.~~

4 ~~(c) Limitations. The aggregate amount of contracts and~~  
5 ~~grants in any fiscal year may not exceed the amount of the~~  
6 ~~appropriation to the department for the tobacco prevention~~  
7 ~~program in that fiscal year. The provision of a grant under this~~  
8 ~~chapter shall not constitute an entitlement derived from the~~  
9 ~~Commonwealth or a claim on any other funds of the Commonwealth.~~

10 ~~(d) Restrictions. A tobacco company or an agent or~~  
11 ~~subsidiary of a tobacco company may not be awarded a contract as~~  
12 ~~a primary contractor or service provider.~~

13 ~~Section 709. Accountability.~~

14 ~~(a) Audits. Contracts with primary contractors and grants~~  
15 ~~with service providers shall be subject to an annual audit by~~  
16 ~~the department. Audits of these contracts and grants are to be~~  
17 ~~conducted in accordance with generally accepted accounting~~  
18 ~~principles.~~

19 ~~(b) Review procedures. Any primary contractor or service~~  
20 ~~provider that receives a contract or a grant under this chapter~~  
21 ~~shall be subject to review by the department. As appropriate,~~  
22 ~~information submitted to the department shall include the~~  
23 ~~following:~~

24 ~~(1) The progress made in achieving expected tobacco~~  
25 ~~prevention program priorities and goals.~~

26 ~~(2) The extent of tobacco prevention and cessation~~  
27 ~~activities initiated and completed, with detailed results and~~  
28 ~~any proposed methods for improvement.~~

29 ~~(3) Any changes in the incidence of tobacco use among~~  
30 ~~target populations established through tobacco prevention~~

1 ~~program priorities.~~

2 ~~(4) Any other information deemed necessary by the~~  
3 ~~department.~~

4 ~~(c) Penalty. A primary contractor or a service provider~~  
5 ~~that fails to meet audit or performance review standards may be~~  
6 ~~subject to a reduction in or ineligibility for future grant~~  
7 ~~funding.~~

8 ~~CHAPTER 8~~

9 ~~TOBACCO ACCESS CONTROL TAX CREDIT~~

10 ~~Section 801. Scope of chapter.~~

11 ~~This chapter deals with authorizing a tobacco access control~~  
12 ~~tax credit.~~

13 ~~Section 802. Definitions.~~

14 ~~The following words and phrases when used in this chapter~~  
15 ~~shall have the meanings given to them in this section unless the~~  
16 ~~context clearly indicates otherwise:~~

17 ~~"Department." The Department of Revenue of the Commonwealth.~~

18 ~~"Qualified tax liability." The liability for taxes imposed~~  
19 ~~under Article III, IV or VI of the act of March 4, 1971 (P.L.6,~~  
20 ~~No.2), known as the Tax Reform Code of 1971.~~

21 ~~"Qualified tobacco access control expense." That expense~~  
22 ~~incurred by a taxpayer for the purchase and use of technology or~~  
23 ~~software intended to control the access of minors to cigarettes~~  
24 ~~and which is capable of:~~

25 ~~(1) Capturing the information from a magnetic strip on a~~  
26 ~~Pennsylvania driver's license or identification card issued~~  
27 ~~by the Department of Transportation.~~

28 ~~(2) Producing a declaration of age in print, audible or~~  
29 ~~visual form.~~

30 ~~(3) Prompting a cashier for age verification when a~~

1 ~~tobacco purchase is recorded by the point of sale system.~~

2 ~~"Secretary." The Secretary of Revenue of the Commonwealth.~~

3 ~~"Taxpayer." An entity licensed by the Department of Revenue~~  
4 ~~to sell cigarettes to a consumer.~~

5 ~~"Tobacco access control tax credit." The credit provided~~  
6 ~~under this chapter.~~

7 ~~Section 803. Credit for tobacco access control expenses.~~

8 ~~(a) Application for credit by taxpayer. A taxpayer who~~  
9 ~~incurs a qualified tobacco access control expense in a taxable~~  
10 ~~year may apply for a tobacco access control tax credit as~~  
11 ~~provided in this chapter. In order to receive the credit, the~~  
12 ~~taxpayer must submit an application to the department by~~  
13 ~~September 15 for a qualified tobacco access control expense~~  
14 ~~incurred in the taxable year that ended in the prior calendar~~  
15 ~~year.~~

16 ~~(b) Amount of credit. A taxpayer that timely applies under~~  
17 ~~subsection (a) shall receive a tobacco access control tax credit~~  
18 ~~for the taxable year up to the amount of \$900 per license per~~  
19 ~~location.~~

20 ~~(c) Notification of approval from department. By December~~  
21 ~~15 of the calendar year following the close of the taxable year~~  
22 ~~during which the qualified tobacco access control expense was~~  
23 ~~incurred, the department shall notify the taxpayer of the amount~~  
24 ~~of the taxpayer's tobacco access control tax credit approved by~~  
25 ~~the department.~~

26 ~~Section 804. Use of credit.~~

27 ~~(a) Carryover.~~

28 ~~(1) The amount of the tobacco access control tax credit~~  
29 ~~that a taxpayer may use against any one qualified tax~~  
30 ~~liability during any year may not exceed 50% of the qualified~~

1 ~~tax liability for that taxable year.~~

2 ~~(2) If the taxpayer cannot use the entire amount of the~~  
3 ~~tobacco access control tax credit for the taxable year in~~  
4 ~~which the tobacco access control tax credit is first~~  
5 ~~approved, then the excess may be carried over to succeeding~~  
6 ~~taxable years and used as a credit against the qualified tax~~  
7 ~~liability of the taxpayer for those taxable years.~~

8 ~~(3) Each time that the tobacco access control tax credit~~  
9 ~~is carried over to a succeeding taxable year, it shall be~~  
10 ~~reduced by the amount that was used as a credit during the~~  
11 ~~immediately preceding taxable year.~~

12 ~~(4) The tobacco access control tax credit provided by~~  
13 ~~this chapter may be carried over and applied to succeeding~~  
14 ~~taxable years for not more than four taxable years following~~  
15 ~~the first taxable year for which the taxpayer was entitled to~~  
16 ~~claim the credit.~~

17 ~~(b) Taxable year to which applied. A tobacco access control~~  
18 ~~tax credit approved by the department for qualified tobacco~~  
19 ~~access control expense in a taxable year first shall be applied~~  
20 ~~against the taxpayer's qualified tax liability for the current~~  
21 ~~taxable year as of the date on which the credit was approved~~  
22 ~~before the tobacco access control tax credit is applied against~~  
23 ~~any tax liability under subsection (a).~~

24 ~~(c) Limitations. A taxpayer may not carry back, obtain a~~  
25 ~~refund of or assign an unused tobacco access control tax credit.~~  
26 ~~Section 805. Determination of qualified tobacco access control~~  
27 ~~expenses.~~

28 ~~In prescribing standards for determining which tobacco access~~  
29 ~~control expense is to be deemed a qualified tobacco access~~  
30 ~~control expense for purposes of computing the credit provided by~~

1 ~~this chapter, the department shall require:~~

2 ~~(1) A copy of the technology or software specifications~~  
3 ~~demonstrating that the specifications meet the definition of~~  
4 ~~a qualified tobacco access control expense.~~

5 ~~(2) A copy of an invoice to the taxpayer for the~~  
6 ~~technology or software purchased for qualification as a~~  
7 ~~qualified tobacco access control expense.~~

8 ~~(3) A copy of the check or checks and paid receipts for~~  
9 ~~technology or software purchased for qualifications as~~  
10 ~~qualified tobacco access control expense.~~

11 ~~Section 806. Time limitation.~~

12 ~~A taxpayer is not entitled to a tobacco access control tax~~  
13 ~~credit for qualified tobacco access control expenses incurred in~~  
14 ~~taxable years ending after December 31, 2005.~~

15 ~~Section 807. Limitation on credits.~~

16 ~~The total amount of credits approved by the department shall~~  
17 ~~not exceed \$10,000,000.~~

18 ~~Section 808. Pennsylvania S Corporation shareholder pass-~~  
19 ~~through.~~

20 ~~(a) General rule. If a Pennsylvania S Corporation does not~~  
21 ~~have an eligible tax liability against which the tobacco access~~  
22 ~~control tax credit may be applied, a shareholder of the~~  
23 ~~Pennsylvania S Corporation is entitled to a tobacco access~~  
24 ~~control tax credit equal to the tobacco access control tax~~  
25 ~~credit determined for the Pennsylvania S Corporation for the~~  
26 ~~taxable year multiplied by the percentage of the Pennsylvania S~~  
27 ~~Corporation's distributive income to which the shareholder is~~  
28 ~~entitled.~~

29 ~~(b) Double use of credit prohibited. A Pennsylvania S~~  
30 ~~Corporation and a shareholder of a Pennsylvania S Corporation~~

1 ~~may not claim a credit under this chapter for the same qualified~~  
2 ~~tobacco access control expense.~~

3 ~~Section 809.— Report to General Assembly.~~

4 ~~The secretary shall submit an annual report to the General~~  
5 ~~Assembly indicating the effectiveness of the credit provided by~~  
6 ~~this chapter not later than March 15 following the year in which~~  
7 ~~the credits are approved. The report shall include the number of~~  
8 ~~taxpayers utilizing the credit as of the date of the report and~~  
9 ~~the amount of credits approved and utilized. The report may also~~  
10 ~~include any recommendations for changes in the calculation or~~  
11 ~~administration of the credit.~~

12 ~~Section 810.— Expiration.~~

13 ~~The department may not approve a tobacco access control tax~~  
14 ~~credit under this chapter for taxable years ending after~~  
15 ~~December 31, 2005.~~

16 ~~Section 811.— Regulations.~~

17 ~~The secretary shall promulgate regulations necessary for the~~  
18 ~~implementation and administration of this chapter.~~

## 19 ~~CHAPTER 9~~

### 20 ~~UNCOMPENSATED CARE~~

21 ~~Section 901.— Scope.~~

22 ~~This chapter deals with uncompensated care.~~

23 ~~Section 902.— Definitions.~~

24 ~~The following words and phrases when used in this chapter~~  
25 ~~shall have the meanings given to them in this section unless the~~  
26 ~~context clearly indicates otherwise:~~

27 ~~"Children's Health Insurance Program."— The insurance program~~  
28 ~~established by Article XXIII of the act of May 17, 1921~~  
29 ~~(P.L. 682, No. 284), known as The Insurance Company Law of 1921.~~

30 ~~"Council."— The Health Care Cost Containment Council.~~

1       ~~"Department."~~ ~~The Department of Public Welfare of the~~  
2 ~~Commonwealth.~~

3       ~~"Emergent medically necessary services."~~ ~~Immediate medical~~  
4 ~~care necessary to treat any serious or life threatening medical~~  
5 ~~condition and consistent with the concept of emergency services~~  
6 ~~as set forth in section 2116 of the act of May 17, 1921~~  
7 ~~(P.L.682, No.284), known as The Insurance Company Law of 1921.~~

8       ~~"Extraordinary expenses."~~ ~~The cost of hospital inpatient~~  
9 ~~services provided to the uninsured, in excess of twice the~~  
10 ~~hospitals' average cost per stay for all patients.~~

11       ~~"Hospital."~~ ~~A health care facility licensed as a hospital~~  
12 ~~pursuant to the act of July 19, 1979 (P.L.130, No.48), known as~~  
13 ~~the Health Care Facilities Act.~~

14       ~~"Inpatient day."~~ ~~A billing unit corresponding to each day an~~  
15 ~~individual is admitted to a hospital as a patient.~~

16       ~~"Insurer."~~ ~~Any insurance company, association, reciprocal,~~  
17 ~~health maintenance organization, fraternal benefits society or a~~  
18 ~~risk bearing preferred provider organization, that offers health~~  
19 ~~care benefits and is subject to regulation under the act of May~~  
20 ~~17, 1921 (P.L.682, No.284), known as The Insurance Company Law~~  
21 ~~of 1921 or the act of December 29, 1972 (P.L.1701, No.364),~~  
22 ~~known as the Health Maintenance Organization Act. The term~~  
23 ~~includes an entity and its subsidiaries that operate subject to~~  
24 ~~the provisions of 40 Pa.C.S. Ch. 61 (relating to hospital plan~~  
25 ~~corporations) or 63 (relating to professional health services~~  
26 ~~plan corporations).~~

27       ~~"Medical assistance."~~ ~~The State program of medical~~  
28 ~~assistance established under Article IV(f) of the act of June~~  
29 ~~13, 1967 (P.L.31, No.21), known as the Public Welfare Code.~~

30       ~~"Medical assistance day."~~ ~~An inpatient day when the~~

1 ~~individual admitted to the hospital is eligible for medical~~  
2 ~~assistance or for a similar program in other states.~~

3 ~~"Medicare SSI days." An inpatient day when the individual~~  
4 ~~admitted to the hospital is eligible for both Medicare Part A~~  
5 ~~and Supplemental Security Income (SSI) as determined by the~~  
6 ~~Health Care Financing Administration.~~

7 ~~"Net patient revenue." The actual revenue received by a~~  
8 ~~hospital for services provided to individuals. The term does not~~  
9 ~~include revenue from other operations, such as cafeteria,~~  
10 ~~parking, rent, research and educational activities.~~

11 ~~"Pennsylvania Health Care Cost Containment Council." The~~  
12 ~~council established pursuant to the act of July 8, 1986~~  
13 ~~(P.L.408, No.89), known as the Health Care Cost Containment Act.~~

14 ~~"Qualified hospital." An eligible hospital which has an~~  
15 ~~uncompensated care score exceeding the median score of all~~  
16 ~~eligible hospitals.~~

17 ~~"Uncompensated care." The amount of care provided to~~  
18 ~~individuals unable to pay for services provided by a hospital~~  
19 ~~measured as the difference between the amount actually received~~  
20 ~~or receivable and the amount that would have been received for~~  
21 ~~such care had the care been provided to recipients entitled to~~  
22 ~~medical benefits under section 432(3)(i) of the act of June 13,~~  
23 ~~1967 (P.L.31, No.21), known as the Public Welfare Code.~~

24 ~~"Uninsured." An individual who has no health insurance~~  
25 ~~coverage or whose coverage does not reimburse for some or all of~~  
26 ~~the medically necessary services provided by a hospital.~~

27 ~~Section 903. Hospital uncompensated care payments.~~

28 ~~(a) Program establishment. There is established in the~~  
29 ~~department a hospital uncompensated care program. Appropriations~~  
30 ~~from the fund to the department for the program shall be used to~~

1 ~~compensate hospitals for uncompensated care to individuals.~~

2 ~~(b) Department responsibilities. The department has the~~  
3 ~~following powers and duties:~~

4 ~~(1) Administer the hospital uncompensated care program.~~

5 ~~(2) Determine the eligibility of hospitals on an annual~~  
6 ~~basis. Notice of eligibility shall be published in the~~  
7 ~~Pennsylvania Bulletin by April 1 for the forthcoming fiscal~~  
8 ~~year.~~

9 ~~(3) Calculate uncompensated scores for eligible~~  
10 ~~hospitals under section 904(c).~~

11 ~~(4) Calculate and make payments to qualified hospitals~~  
12 ~~under section 904(d).~~

13 ~~(5) Seek Federal matching funds under medical assistance~~  
14 ~~to supplement payments made under section 904.~~

15 ~~(6) Prepare and submit a report no later than November~~  
16 ~~1, 2001, and annually thereafter to the chairman and minority~~  
17 ~~chairman of the Public Health and Welfare Committee and the~~  
18 ~~chairman and minority chairman of the Appropriations~~  
19 ~~Committee of the Senate and the chairman and minority~~  
20 ~~chairman of the Health and Human Services Committee and the~~  
21 ~~chairman and minority chairman of the Appropriations~~  
22 ~~Committee of the House of Representatives. The annual report~~  
23 ~~shall also be made available for public inspection and be~~  
24 ~~posted on the department's World Wide Web site. The report~~  
25 ~~shall list all of the following:~~

26 ~~(i) The name and address of each eligible hospital.~~

27 ~~(ii) The name, address and payment amount for each~~  
28 ~~qualified hospital.~~

29 ~~(iii) The health system affiliation of each~~  
30 ~~qualified hospital.~~

1           ~~(iv) The uncompensated care score for each qualified~~  
2           ~~hospital.~~

3           ~~(v) The methodology utilized to compute the~~  
4           ~~uncompensated care score for each eligible hospital.~~

5           ~~(7) Within two years of the effective date of this~~  
6           ~~chapter, contract with an independent entity to evaluate the~~  
7           ~~qualification and payment calculation methods used in this~~  
8           ~~chapter. The evaluation shall be used to ensure that payments~~  
9           ~~are made to hospitals with the greatest burden of~~  
10          ~~uncompensated care.~~

11          ~~(8) Establish an advisory committee, comprised of nine~~  
12          ~~individuals with expertise in hospital administration,~~  
13          ~~hospital finance and reimbursement and hospital patient~~  
14          ~~accounts management, including a representative of the~~  
15          ~~department and a representative of the council. The advisory~~  
16          ~~committee shall make recommendations to the department, the~~  
17          ~~General Assembly and the Governor on data collection and~~  
18          ~~changes to the methodologies used under this chapter.~~

19          ~~(c) Information collection. The department shall collect~~  
20          ~~data and information as necessary to determine hospital~~  
21          ~~eligibility and payment under this chapter, including the~~  
22          ~~department's medical assistance data for medical inpatient days~~  
23          ~~and data from the council and the Health Care Financing~~  
24          ~~Administration or its designee for Medicare SSI days. The~~  
25          ~~council and the department shall cooperate to develop policies~~  
26          ~~or regulations to improve the accuracy, consistency and~~  
27          ~~timeliness of the information collected. Information used to~~  
28          ~~determine eligibility and qualification for payments under the~~  
29          ~~uncompensated care program shall be made available to the~~  
30          ~~public.~~

1 ~~Section 904.— Eligibility and payment.~~

2 ~~(a) Determination of eligibility.— The department shall~~  
3 ~~determine the eligibility of each hospital from information~~  
4 ~~collected under section 903(c).~~

5 ~~(b) Requirements for hospitals.— A hospital is eligible for~~  
6 ~~payment from the uncompensated care program if the hospital does~~  
7 ~~all of the following:~~

8 ~~(1) Accepts all individuals, regardless of the ability~~  
9 ~~to pay for emergency medically necessary services within the~~  
10 ~~scope of the hospital's service.~~

11 ~~(2) Seeks collection of a claim, including collection~~  
12 ~~from an insurer or payment arrangements with the person that~~  
13 ~~is responsible for payment of the care rendered.~~

14 ~~(3) Assists individuals in obtaining health care~~  
15 ~~coverage, including medical assistance or the Children's~~  
16 ~~Health Insurance Program.~~

17 ~~(4) Ensures that an emergency admission or treatment is~~  
18 ~~not delayed or denied pending determination of coverage or~~  
19 ~~requirement for prepayment or deposit.~~

20 ~~(5) Posts adequate notice of the availability of medical~~  
21 ~~services and the obligations of hospitals to provide free~~  
22 ~~services.~~

23 ~~(c) Uncompensated care scoring.— The department shall~~  
24 ~~calculate the uncompensated care score of each eligible hospital~~  
25 ~~from collected data. If information necessary to determine the~~  
26 ~~uncompensated score of an eligible hospital is unavailable due~~  
27 ~~to the refusal of the hospital to provide the information, the~~  
28 ~~hospital shall not be eligible for payment from the~~  
29 ~~uncompensated care program. If the department determines that~~  
30 ~~the necessary information cannot be provided after due~~

1 ~~diligence, the hospital shall remain eligible for payment from~~  
2 ~~the uncompensated care program. An eligible hospital's~~  
3 ~~uncompensated care score shall be the sum of the following using~~  
4 ~~three year average data, or, in the case where the department~~  
5 ~~determines the necessary information to compute a three year~~  
6 ~~average cannot be provided, the department shall use the average~~  
7 ~~of the hospital's data for the years that data has been~~  
8 ~~collected:~~

9 ~~(1) the amount of uncompensated care provided as a~~  
10 ~~percentage of net patient revenue;~~

11 ~~(2) the number of Medicare SSI days as a percentage of~~  
12 ~~inpatient days; and~~

13 ~~(3) the number of medical assistance days as a~~  
14 ~~percentage of total inpatient days.~~

15 ~~(d) Payment calculation. A payment to a qualified hospital~~  
16 ~~shall be calculated as follows:~~

17 ~~(1) Multiplying each qualified hospital's uncompensated~~  
18 ~~care score by the three year average of its total reported~~  
19 ~~inpatient days.~~

20 ~~(2) Dividing the product under paragraph (1) for each~~  
21 ~~qualified hospital by the sum of the products under paragraph~~  
22 ~~(1) for all qualified hospitals.~~

23 ~~(3) Multiplying the quotient under paragraph (2) by the~~  
24 ~~appropriation from the fund to the hospital uncompensated~~  
25 ~~care program.~~

26 ~~(e) Limitations.—~~

27 ~~(1) The sum of payments to a qualified hospital under~~  
28 ~~this section and payments under medical assistance shall not~~  
29 ~~exceed the aggregate cost of the inpatient and outpatient~~  
30 ~~services furnished to:~~

1           ~~(i) recipients entitled to medical benefits under~~  
2           ~~Title XIX of the Social Security Act (49 Stat. 620, 42~~  
3           ~~U.S.C. § 1396 et seq.);~~

4           ~~(ii) recipients entitled to medical benefits under~~  
5           ~~section 432(3)(i) of the act of June 13, 1967 (P.L. 31,~~  
6           ~~No. 21), known as the Public Welfare Code; and~~

7           ~~(iii) the uninsured.~~

8           ~~(2) Payments made under this section in a fiscal year~~  
9           ~~shall not exceed the amount of the appropriation to the~~  
10           ~~department for the uncompensated care program for that fiscal~~  
11           ~~year.~~

12           ~~(3) A payment under this section does not constitute an~~  
13           ~~entitlement derived from the Commonwealth or a claim on any~~  
14           ~~other funds of the Commonwealth.~~

15           ~~Section 905. Reimbursement for extraordinary expense.~~

16           ~~(a) Program establishment. There is established in the~~  
17           ~~Department of Public Welfare a reimbursement for extraordinary~~  
18           ~~expense program. Appropriations to the department for the~~  
19           ~~reimbursement program under this section shall be used to~~  
20           ~~reimburse hospitals for extraordinary expenses in treating the~~  
21           ~~uninsured on an inpatient hospital basis.~~

22           ~~(b) Department responsibilities. The department shall:~~

23           ~~(1) Administer the extraordinary expense program.~~

24           ~~(2) Collect the data necessary to administer this~~  
25           ~~section, including data from the Pennsylvania Health Care~~  
26           ~~Cost Containment Council.~~

27           ~~(3) Contact the appropriate data source if there is~~  
28           ~~missing data.~~

29           ~~(4) Determine the eligibility of hospitals from~~  
30           ~~information collected under paragraph (2).~~

1           ~~(5) Pay eligible hospitals each fiscal year in an amount~~  
2           ~~consistent with this section. Payments shall be made on a~~  
3           ~~quarterly basis.~~

4           ~~(6) Seek Federal matching funds under the medical~~  
5           ~~assistance program to supplement payments under this chapter.~~

6           ~~(7) Prepare and submit a report no later than November~~  
7           ~~1, 2001, and annually thereafter to the chairman and the~~  
8           ~~minority chairman of the Public Health and Welfare Committee~~  
9           ~~and the chairman and minority chairman of the Appropriations~~  
10          ~~Committee of the Senate and the chairman and minority~~  
11          ~~chairman of the Health and Human Services Committee and the~~  
12          ~~chairman and minority chairman of the Appropriations~~  
13          ~~Committee of the House of Representatives. The annual report~~  
14          ~~shall also be made available for public inspection and be~~  
15          ~~posted on the department's publicly accessible World Wide Web~~  
16          ~~site. The report shall list all of the following:~~

17                 ~~(i) The name, address and payment amount for each~~  
18                 ~~eligible hospital.~~

19                 ~~(ii) The health system affiliation of each eligible~~  
20                 ~~hospital.~~

21                 ~~(iii) The methodology and data utilized to determine~~  
22                 ~~the eligibility of each hospital.~~

23          ~~(c) Eligibility.—~~

24                 ~~(1) A hospital may receive payment under this section if~~  
25                 ~~the hospital is not a qualified hospital under section 904~~  
26                 ~~and the hospital provided uncompensated care to an individual~~  
27                 ~~with extraordinary expenses in the most recent fiscal year~~  
28                 ~~for which data is available.~~

29                 ~~(2) A hospital receiving payment under this section~~  
30                 ~~shall meet all the requirements of section 904(b).~~

1 ~~(d) Payment methodology. Payment to a hospital under this~~  
2 ~~section shall equal the lesser of the cost of:~~

3 ~~(1) the extraordinary expense claim in excess of twice~~  
4 ~~the hospital's average cost per stay for all patients; or~~

5 ~~(2) the prorated amount of each hospital's percentage of~~  
6 ~~extraordinary expense costs in relationship to all eligible~~  
7 ~~hospitals extraordinary expense cost, as applied to the total~~  
8 ~~funds available in the extraordinary expense program for the~~  
9 ~~fiscal year.~~

10 ~~(e) Limitations.~~

11 ~~(1) Payments to a hospital under this section shall not~~  
12 ~~exceed the aggregate cost of services furnished to~~  
13 ~~individuals with extraordinary expenses.~~

14 ~~(2) The aggregate amount of extraordinary expense~~  
15 ~~payments in any fiscal year shall not exceed the amount of~~  
16 ~~the appropriation to the department for the extraordinary~~  
17 ~~expense program. Providing extraordinary expense payments~~  
18 ~~under this section shall not constitute an entitlement~~  
19 ~~derived from the Commonwealth or a claim on any other funds~~  
20 ~~of the Commonwealth.~~

21 ~~Section 906. Amounts.~~

22 ~~The total amount of funds received under this chapter shall~~  
23 ~~not exceed the uncompensated care amount contained in the~~  
24 ~~hospital's most recent hospital cost report.~~

## 25 CHAPTER 11

### 26 COMMONWEALTH UNIVERSAL RESEARCH ENHANCEMENT

27 ~~Section 1101. Scope.~~

28 ~~This chapter deals with universal research enhancement.~~

29 ~~Section 1102. Definitions.~~

30 ~~The following words and phrases when used in this chapter~~

1 shall have the meanings given to them in this section unless the  
2 context clearly indicates otherwise:

3 "Advisory committee."—The Health Research Advisory Committee  
4 established in section 1103(b).

5 "Applicant."—Any of the following:

6 (1) A person.

7 (2) An institution.

8 (3) An entity established under the act of August 24,  
9 1951 (P.L.1304, No.315), known as the Local Health  
10 Administration Law.

11 "Biomedical research."—Comprehensive research pertaining to  
12 the application of the natural sciences to the study and  
13 clinical practice of medicine at an institution, including  
14 biobehavioral research related to tobacco use.

15 "Cancer center."—Any of the following:

16 (1) Fox Chase Cancer Center.

17 (2) Wistar Institute.

18 (3) MCP Hahnemann University.

19 (4) The University of Pennsylvania.

20 (5) The Pennsylvania State University.

21 (6) The University of Pittsburgh.

22 (7) Thomas Jefferson University.

23 (8) Temple University.

24 "Clinical research."—Patient oriented research which  
25 involves direct interaction and study of the mechanisms of human  
26 disease, including therapeutic interventions, clinical trials,  
27 epidemiological and behavioral studies and the development of  
28 new technology.

29 "Collaborative research."—Peer reviewed biomedical, clinical  
30 or health services research conducted jointly by two or more

1 ~~applicants that cooperate to identify priorities and conduct~~  
2 ~~research which provides for the sharing of infrastructure,~~  
3 ~~resources and expertise.~~

4 ~~"Department."—The Department of Health of the Commonwealth.~~

5 ~~"Health services research."—Any of the following:~~

6 ~~(1) Research on the promotion and maintenance of health.~~

7 ~~(2) The prevention and reduction of disease.~~

8 ~~"Infrastructure."—Equipment, supplies, personnel, laboratory~~  
9 ~~construction or renovations, or the acquisition or maintenance~~  
10 ~~of technology.~~

11 ~~"Institution."—Any of the following located in this~~  
12 ~~Commonwealth:~~

13 ~~(1) A nonprofit entity that conducts research.~~

14 ~~(2) A hospital established under the act of July 19,~~  
15 ~~1979 (P.L.130, No.48), known as the Health Care Facilities~~  
16 ~~Act.~~

17 ~~(3) An institution of higher education.~~

18 ~~"Peer review."—A process approved by the Department of~~  
19 ~~Health or the National Cancer Institute and the National Heart,~~  
20 ~~Lung and Blood Institute in which a review panel which includes~~  
21 ~~an applicant's professional peers reviews and evaluates research~~  
22 ~~grant applications using a rating system of scientific and~~  
23 ~~technical merit.~~

24 ~~"Research."—Includes biomedical, clinical, collaborative and~~  
25 ~~health services research.~~

26 ~~Section 1103.—Health research program.~~

27 ~~(a) Program establishment.—There is hereby established in~~  
28 ~~the Department of Health a health research program, which shall~~  
29 ~~be known as the Commonwealth Universal Research Enhancement~~  
30 ~~Program. Appropriations from the fund to the department shall be~~

1 ~~used to fund research projects conducted by eligible applicants.~~

2 ~~This includes all of the following:~~

3 ~~(1) Biomedical research.~~

4 ~~(2) Health services research.~~

5 ~~(3) Collaborative research.~~

6 ~~(4) Clinical research.~~

7 ~~(b) Advisory committee.—~~

8 ~~(1) There is hereby established in the Department of~~  
9 ~~Health the Health Research Advisory Committee.~~

10 ~~(2) The committee is comprised of the following:~~

11 ~~(i) The Secretary of Health or a designee, who shall~~  
12 ~~serve as chairperson.~~

13 ~~(ii) Four members appointed by the secretary.~~

14 ~~(3) Members appointed to the committee must possess~~  
15 ~~expertise in health care or health research, including~~  
16 ~~institution based research specialists, practicing clinicians~~  
17 ~~and public health professionals.~~

18 ~~(4) Terms are as follows:~~

19 ~~(i) The secretary shall serve ex officio.~~

20 ~~(ii) A member under paragraph (2)(ii) shall serve a~~  
21 ~~term of four years.~~

22 ~~(iii) An appointment to fill a vacancy shall be for~~  
23 ~~the period of the unexpired term or until a successor is~~  
24 ~~appointed and qualified.~~

25 ~~(5) The committee shall meet as needed, but at least~~  
26 ~~twice a year, to fulfill the purposes provided for in this~~  
27 ~~chapter. A majority of the members of the committee~~  
28 ~~constitutes a quorum. A majority of the members of the~~  
29 ~~committee has authority to act upon any matter properly~~  
30 ~~before it. The committee is authorized to establish rules for~~

1 ~~its operation and shall obtain public input and make~~  
2 ~~recommendations to the department regarding research~~  
3 ~~priorities, evaluation and accountability procedures, and~~  
4 ~~related issues. Meetings of the committee shall be conducted~~  
5 ~~under 65 Pa.C.S. Ch. 7 (relating to open meetings).~~

6 ~~(6) Members shall receive no payment for their services.~~  
7 ~~Members who are not employees of State government shall be~~  
8 ~~reimbursed for expenses incurred in the course of their~~  
9 ~~official duties from the fund.~~

10 ~~(c) Rural research initiative. The health research program~~  
11 ~~shall fund a rural research initiative to deliver the benefits~~  
12 ~~of tobacco related disease clinical research directly to~~  
13 ~~individuals residing in rural communities in central and~~  
14 ~~northeastern Pennsylvania by providing increased access to~~  
15 ~~clinical trials and protocols through a network of rural primary~~  
16 ~~care clinic sites.~~

17 ~~Section 1104. Department responsibilities.~~

18 ~~The department has the following powers and duties:~~

19 ~~(1) Administer the health research program established~~  
20 ~~under this chapter.~~

21 ~~(2) Establish, in conjunction with the Health Research~~  
22 ~~Advisory Committee, the research priorities of the~~  
23 ~~Commonwealth. In developing these research priorities, the~~  
24 ~~national health promotion and disease prevention objectives~~  
25 ~~established by the United States Department of Health and~~  
26 ~~Human Services, as applied to this Commonwealth, shall be~~  
27 ~~considered. The priorities shall include the identification~~  
28 ~~of critical research areas, disparities in health status~~  
29 ~~among various Commonwealth populations, expected research~~  
30 ~~outcomes and benefits and disease prevention and treatment~~

1 ~~methodologies. The priorities shall be reviewed annually and~~  
2 ~~revised as necessary.~~

3 ~~(3) Solicit and review applications and award research~~  
4 ~~grants to applicants consistent with the priorities~~  
5 ~~established under paragraph (2). Research grants may be~~  
6 ~~awarded for a period not to exceed four years for each~~  
7 ~~project.~~

8 ~~(4) Develop and implement peer review procedures to be~~  
9 ~~used for the review of grant applications for projects funded~~  
10 ~~pursuant to section 1106(a)(2) and (3).~~

11 ~~(5) Publish an annual report on all research funded.~~

12 ~~(6) The report shall be provided to the General~~  
13 ~~Assembly, shall be made available to the public and shall be~~  
14 ~~posted on the department's publicly accessible World Wide Web~~  
15 ~~site.~~

16 ~~Section 1105. Peer review procedures to determine research~~  
17 ~~project eligibility.~~

18 ~~(a) Peer review. Except for formula funded research, as~~  
19 ~~provided for in section 1108, all research funded under this act~~  
20 ~~shall be peer reviewed and selected in accordance with this~~  
21 ~~section.~~

22 ~~(b) Prior peer review. Research which has received peer~~  
23 ~~review by the National Institutes of Health, the Centers for~~  
24 ~~Disease Control or another Federal agency may be approved and~~  
25 ~~ranked for funding by the department consistent with the~~  
26 ~~priorities established under section 1104(2).~~

27 ~~(c) Other research. Research which has not received peer~~  
28 ~~review as provided in subsection (b) shall be subject to peer~~  
29 ~~review by the department in accordance with subsection (d) prior~~  
30 ~~to being considered for funding under section 1106(a)(2) and~~

1 ~~(3).~~

2 ~~(d) Peer review panels. The department shall establish peer~~  
3 ~~review panels in various disciplines, as necessary, to review~~  
4 ~~research grant proposals which are consistent with the~~  
5 ~~priorities established under section 1104(2). A panel shall be~~  
6 ~~composed of at least three nationally recognized physicians,~~  
7 ~~scientists and researchers from the same or similar discipline~~  
8 ~~as the research grant proposal under review. Members of a peer~~  
9 ~~review panel may be residents of other states. In no case shall~~  
10 ~~a member of a peer review panel be an employee of an applicant~~  
11 ~~whose grant proposal is under its review.~~

12 ~~(e) Panel review factors. A review panel shall determine~~  
13 ~~eligibility for grant funding based on the highest ranked peer~~  
14 ~~review scores through a rating system consistent with Federal~~  
15 ~~rating standards as developed by the department. A panel shall~~  
16 ~~review research projects eligible for funding in a manner which~~  
17 ~~recognizes scientific and technical merit.~~

18 ~~(f) Final selection. Based on the procedures set forth in~~  
19 ~~this section and the rankings established by the relevant peer~~  
20 ~~review panel, the department shall award research grants to~~  
21 ~~selected applicants. In making these awards, the department~~  
22 ~~shall avoid unnecessary duplication, ensure relevance to the~~  
23 ~~appropriate research priority, encourage collaboration between~~  
24 ~~applicants and provide for the development of a complementary~~  
25 ~~Statewide research program.~~

26 ~~Section 1106. Use of funds.~~

27 ~~(a) Allocation. Funds under this section shall be allocated~~  
28 ~~as follows:~~

29 ~~(1) No less than 80% of the funds appropriated under~~  
30 ~~this section shall be used to fund research pursuant to~~

1 ~~section 1108.~~

2 ~~(2) No less than 10% of the funds appropriated under~~  
3 ~~this section shall be used to fund collaborative research~~  
4 ~~projects by eligible applicants.~~

5 ~~(3) No less than 10% of funds appropriated under this~~  
6 ~~section shall be used to fund other research projects by~~  
7 ~~eligible applicants.~~

8 ~~(b) Excess funds. If an insufficient number of qualified~~  
9 ~~applications are received or are deemed ineligible for funding~~  
10 ~~by the department under subsection (a), the remaining funds~~  
11 ~~shall be deposited in the Tobacco Endowment Account established~~  
12 ~~pursuant to section 303(b).~~

13 ~~Section 1107. Applications.~~

14 ~~(a) General rule. An application for a research grant under~~  
15 ~~section 1106(a) must include all of the following, as~~  
16 ~~applicable:~~

17 ~~(1) The name and address of the applicant.~~

18 ~~(2) The identification of eligible researchers.~~

19 ~~(3) The description of the purpose and methodology of~~  
20 ~~the research project.~~

21 ~~(4) The expected research outcomes and benefits.~~

22 ~~(5) The explanation of the project's evaluative~~  
23 ~~procedures.~~

24 ~~(6) Any other information deemed necessary by the~~  
25 ~~department.~~

26 ~~(b) Collaborative projects. In the case of a collaborative~~  
27 ~~research project, the application shall include, in addition to~~  
28 ~~the information required in subsection (a):~~

29 ~~(1) The names and addresses of the collaborating~~  
30 ~~entities.~~

1           ~~(2) The process used to jointly establish priorities and~~  
2           ~~share infrastructure resources.~~

3           ~~(c) Report. An applicant receiving a research grant under~~  
4           ~~this chapter shall report annually to the department on the~~  
5           ~~progress of the research project, or as often as the department~~  
6           ~~deems necessary. The results of the research and other~~  
7           ~~information deemed necessary by the department shall be reported~~  
8           ~~to the department upon conclusion of the research project.~~

9           ~~(d) Limitations. The award of a research grant shall not~~  
10           ~~constitute an entitlement derived from the Commonwealth or a~~  
11           ~~claim on any funds of the Commonwealth.~~

12           ~~Section 1108. National Cancer Institute and the National Heart,~~  
13                           ~~Lung and Blood Institute funding formula.~~

14           ~~(a) Eligibility. An institution that conducts research in~~  
15           ~~this Commonwealth and has received funding from the National~~  
16           ~~Cancer Institute and the National Heart, Lung and Blood~~  
17           ~~Institute during each of the three immediately preceding Federal~~  
18           ~~fiscal years shall be eligible to receive a grant pursuant to~~  
19           ~~section 1106(a)(1).~~

20           ~~(b) Fund distribution. Funds shall be distributed to an~~  
21           ~~eligible institution based on the percentage calculated by~~  
22           ~~dividing that institution's average award from the National~~  
23           ~~Cancer Institute and the National Heart, Lung and Blood~~  
24           ~~Institute for the three immediately available preceding Federal~~  
25           ~~fiscal years divided by the sum of the average annual award from~~  
26           ~~the National Cancer Institute and the National Heart, Lung and~~  
27           ~~Blood Institute for all Pennsylvania based eligible institutions~~  
28           ~~during the three immediately available preceding Federal fiscal~~  
29           ~~years.~~

30           ~~(c) Exceptions.~~

1           ~~(1) No eligible institution shall receive a grant of~~  
2           ~~more than 10% of the funds available under section 1106(a)(1)~~  
3           ~~in any fiscal year.~~

4           ~~(2) No eligible institution shall receive a grant of~~  
5           ~~less than \$10,000 of the funds available under section~~  
6           ~~1106(a)(1) in any fiscal year.~~

7           ~~(3) No eligible institution may expend more than 50% of~~  
8           ~~its grant for building construction or renovation.~~

9           ~~(d) Remaining funds. As a result of the exceptions~~  
10          ~~contained in subsection (c), funds distributed pursuant to~~  
11          ~~subsection (b) shall be redistributed to cancer centers under~~  
12          ~~the formula in subsection (b). A cancer center which has reached~~  
13          ~~the maximum under subsection (c)(1) shall not be eligible for~~  
14          ~~redistribution under this subsection.~~

15          ~~Section 1109. Accountability procedures.~~

16          ~~(a) Requirements. An applicant that receives a research~~  
17          ~~grant under section 1106 shall be subject to review by the~~  
18          ~~department upon completion of a research project. The review~~  
19          ~~shall be based on an evaluation process developed by the~~  
20          ~~department in consultation with the advisory committee.~~  
21          ~~Information shall be submitted by research grant recipients to~~  
22          ~~the department on an annual basis and shall include, as~~  
23          ~~applicable, the following:~~

24                 ~~(1) The progress made in achieving expected research~~  
25                 ~~outcomes and benefits.~~

26                 ~~(2) The extent of clinical activities initiated and~~  
27                 ~~completed, detailing the number of treatment, prevention and~~  
28                 ~~diagnostic studies; the number of hospitals and health care~~  
29                 ~~professionals; the number of subjects relative to targeted~~  
30                 ~~goals; and the extent of penetration of the studies~~

1 ~~throughout the region or this Commonwealth.~~

2 ~~(3) The number of peer reviewed publications and the~~  
3 ~~number of inventions and patents filed.~~

4 ~~(4) Any changes in risk factors; services provided;~~  
5 ~~incidence of disease; death from disease; stage of disease at~~  
6 ~~the time of diagnosis; or other relevant measures of the~~  
7 ~~outcome, impact and effectiveness of the research being~~  
8 ~~conducted.~~

9 ~~(5) Any major discoveries, new drugs and new approaches~~  
10 ~~for prevention, diagnosis and treatment, which are~~  
11 ~~attributable to the completed research project.~~

12 ~~(6) Any other information deemed necessary by the~~  
13 ~~department.~~

14 ~~(b) Penalty. Notwithstanding any other provision of this~~  
15 ~~chapter, an applicant that receives an unfavorable review by the~~  
16 ~~department under subsection (a) may be subject to a reduction in~~  
17 ~~or ineligibility for research grant funding under this chapter.~~

## 18 ~~CHAPTER 12~~

### 19 ~~MEDICAL RESEARCH IMPROVEMENT GRANTS~~

20 ~~Section 1201. Scope of chapter.~~

21 ~~This chapter deals with medical research improvement grants.~~

22 ~~Section 1202. Definitions.~~

23 ~~The following words and phrases when used in this chapter~~  
24 ~~shall have the meanings given to them in this section unless the~~  
25 ~~context clearly indicates otherwise:~~

26 ~~"Department." The Department of Health of the Commonwealth.~~

27 ~~"Qualified Research Institution." Academic medical centers~~  
28 ~~and their affiliated universities, research universities and~~  
29 ~~federally recognized cancer research centers.~~

30 ~~Section 1203. Medical Research Improvement Grant Program.~~

1       ~~(a) Establishment. There is hereby established, within the~~  
2 ~~department, the Pennsylvania Medical Research Improvement Grant~~  
3 ~~Program.~~

4       ~~(b) Grant programs. Money appropriated for the Medical~~  
5 ~~Research Improvement Grant Program shall be allocated to~~  
6 ~~qualified research institutions according to the needs of the~~  
7 ~~medical research community as determined by the department. The~~  
8 ~~department shall solicit grant applications in the following~~  
9 ~~areas:~~

10           ~~(1) medical research facility grants, which may be used~~  
11 ~~to construct or purchase new facilities, or renovate or~~  
12 ~~upgrade existing facilities to be used for medical research~~  
13 ~~activities; and~~

14           ~~(2) equipment enhancement grants, which may be used to~~  
15 ~~purchase new equipment, upgrade existing equipment, install~~  
16 ~~new or upgraded equipment, or train staff for use of~~  
17 ~~equipment to be used in medical research.~~

18       ~~(c) Eligibility and requirements.—~~

19           ~~(1) Institutions eligible for receipt of a medical~~  
20 ~~research improvement grant include academic medical centers~~  
21 ~~and any affiliated university or college, academic research~~  
22 ~~universities, and cancer research centers.~~

23           ~~(2) In order to receive a medical research improvement~~  
24 ~~grant, an institution shall have and provide written proof of~~  
25 ~~an intellectual property rights policy, a technology transfer~~  
26 ~~program or office, and an established process for licensing~~  
27 ~~new inventions and receiving royalties.~~

28       ~~(d) Guidelines and procedures. The department shall develop~~  
29 ~~a competitive process for awarding grants, including guidelines,~~  
30 ~~procedures and all application forms necessary to implement the~~

1 ~~grant program. The department shall submit the guidelines,~~  
2 ~~procedures and application forms to the Legislative Reference~~  
3 ~~Bureau for publication in the Pennsylvania Bulletin and~~  
4 ~~Pennsylvania Code within 30 days of the effective date of this~~  
5 ~~act. The department shall convene a screening committee~~  
6 ~~consisting of the Secretary of Health, the Secretary of~~  
7 ~~Education, the Secretary of Community and Economic Development~~  
8 ~~and four private industry representatives who are knowledgeable~~  
9 ~~in the area of medical research, cancer research,~~  
10 ~~pharmaceuticals and biotechnology to review applications and~~  
11 ~~make recommendations to the secretary.~~

12 ~~(c) Matching requirement. The secretary shall give priority~~  
13 ~~consideration to applications which secure matching funds or~~  
14 ~~provide in kind contributions. Preference for equipment~~  
15 ~~enhancement grants shall be given to qualified research~~  
16 ~~institutions that have received Medical Research Facility~~  
17 ~~Grants.~~

18 ~~(f) Applicable rules. Regulations and standards relating to~~  
19 ~~construction, prevailing wage, equal opportunity requirements~~  
20 ~~and minority business participation that apply to the~~  
21 ~~construction and rehabilitation of State System of Higher~~  
22 ~~Education facilities shall apply to all medical research~~  
23 ~~facility grants.~~

24 ~~(g) Sunset. This chapter shall expire five years from the~~  
25 ~~effective date of this act.~~

## 26 ~~CHAPTER 13~~

### 27 ~~HOME AND COMMUNITY BASED CARE~~

28 ~~Section 1301. Scope.~~

29 ~~This chapter deals with home and community based care.~~

30 ~~Section 1302. Definitions.~~

1       ~~The following words and phrases when used in this chapter~~  
2 ~~shall have the meanings given to them in this section unless the~~  
3 ~~context clearly indicates otherwise:~~

4       ~~"Applicant."— An individual who meets all of the following:~~

5             ~~(1) Legally resides in the United States.~~

6             ~~(2) Is domiciled in this Commonwealth for at least 30~~  
7 ~~days prior to requesting an assessment.~~

8             ~~(3) Is 60 years of age or older.~~

9       ~~"Assisted individual."— A recipient whose monthly income is~~  
10 ~~below 300% of the Federal poverty guidelines.~~

11       ~~"Fund."— The Tobacco Settlement Fund established in section~~  
12 ~~303.~~

13       ~~"Funded individual."— A recipient who meets all of the~~  
14 ~~following:~~

15             ~~(1) Is assessed to be in need of care equivalent to the~~  
16 ~~level of care provided by a nursing facility.~~

17             ~~(2) Is financially eligible for medical assistance under~~  
18 ~~the act of June 13, 1967 (P.L.31, No.21), known as the Public~~  
19 ~~Welfare Code.~~

20       ~~"Home and community based services."— The services provided~~  
21 ~~to recipients through the options program.~~

22       ~~"Nursing facility."— Premises which is:~~

23             ~~(1) licensed under the act of July 19, 1979 (P.L.130,~~  
24 ~~No.48), known as the Health Care Facilities Act; and~~

25             ~~(2) qualified to participate under Title XIX of the~~  
26 ~~Federal Social Security Act.~~

27       ~~"Options program."— The program established and administered~~  
28 ~~by the Department of Aging in cooperation with the Department of~~  
29 ~~Health and the Department of Public Welfare pursuant to section~~  
30 ~~2203 A(17.1) and (17.2) of the act of April 9, 1929 (P.L.177,~~

1 ~~No.175), known as The Administrative Code of 1929.~~

2 ~~"Recipient." An applicant with monthly income greater than~~  
3 ~~300% of the Federal poverty level guidelines who is assessed as~~  
4 ~~an individual who is in need of home and community based~~  
5 ~~services.~~

6 ~~Section 1303. Home and community based care services.~~

7 ~~(a) Appropriations. Appropriations from the fund to the~~  
8 ~~Department of Public Welfare for home and community based~~  
9 ~~services shall be used to pay certified providers for home and~~  
10 ~~community based services provided to funded individuals.~~

11 ~~Appropriations from the fund to the Department of Aging for home~~  
12 ~~and community based services shall be used to recruit and enroll~~  
13 ~~qualified providers and to provide funding to entities~~  
14 ~~designated by the Department of Aging to provide home and~~  
15 ~~community based services to assisted individuals.~~

16 ~~Notwithstanding section 311 of the act of August 26, 1971~~  
17 ~~(P.L.351, No.91), known as the State Lottery Law, appropriations~~  
18 ~~from the State Lottery Fund to the options program shall be used~~  
19 ~~by the Department of Aging to administer the options program and~~  
20 ~~to provide home and community based services to assisted~~  
21 ~~individuals in accordance with this chapter.~~

22 ~~(b) Applicant responsibilities. An applicant for home and~~  
23 ~~community based services shall do all of the following:~~

24 ~~(1) Request an assessment in accordance with the options~~  
25 ~~program.~~

26 ~~(2) Assist the Department of Public Welfare to determine~~  
27 ~~his financial eligibility for home and community based~~  
28 ~~services.~~

29 ~~(c) Ineligible recipient. A recipient who is determined by~~  
30 ~~the Department of Public Welfare and the Department of Aging not~~

1 ~~to be a funded individual or an assisted individual may purchase~~  
2 ~~home and community based services from the entity designated by~~  
3 ~~the Department of Aging under the options program to provide~~  
4 ~~home and community based services in the recipient's county of~~  
5 ~~residence.~~

6 ~~(d) Funded individual responsibilities. A recipient who is~~  
7 ~~determined by the Department of Public Welfare to be a funded~~  
8 ~~individual shall notify the Department of Public Welfare of any~~  
9 ~~change in resources or monthly income.~~

10 ~~(e) Assisted individual responsibilities. A recipient~~  
11 ~~determined by the Department of Aging to be an assisted~~  
12 ~~individual shall do all of the following:~~

13 ~~(1) Pay a monthly copayment on a sliding scale developed~~  
14 ~~by the Department of Aging and the Department of Public~~  
15 ~~Welfare based on his monthly income. The monthly fee shall~~  
16 ~~not exceed the actual costs of the home and community based~~  
17 ~~services he receives to the Department of Aging.~~

18 ~~(2) Notify the Department of Aging of any change in his~~  
19 ~~resources and monthly income.~~

20 ~~(f) Department of Public Welfare responsibilities. The~~  
21 ~~Department of Public Welfare shall do all of the following:~~

22 ~~(1) Determine the financial eligibility of funded~~  
23 ~~individuals.~~

24 ~~(2) Notify the Department of Aging of recipients~~  
25 ~~determined to be assisted individuals.~~

26 ~~(3) Certify and enter into agreements with providers of~~  
27 ~~home and community based services in accordance with the act~~  
28 ~~of June 13, 1967 (P.L.31, No.21), known as the Public Welfare~~  
29 ~~Code, to provide home and community based services to funded~~  
30 ~~individuals.~~

1           ~~(4) Seek reimbursement for home and community based~~  
2           ~~services provided to funded individuals from the Federal~~  
3           ~~Government.~~

4           ~~(5) Annually redetermine the continued eligibility of~~  
5           ~~funded individuals.~~

6           ~~(6) In cooperation with the Department of Aging, report~~  
7           ~~annually to the General Assembly the number of applicants,~~  
8           ~~the number of recipients and the number of funded~~  
9           ~~individuals.~~

10          ~~(g) Department of Aging responsibilities. The Department of~~  
11          ~~Aging shall do all of the following:~~

12           ~~(1) Collect copayments from assisted individuals for~~  
13           ~~home and community based services.~~

14           ~~(2) Provide funding to entities designated by the~~  
15           ~~Department of Aging under the options program to provide home~~  
16           ~~and community based services to assisted individuals.~~

17           ~~(3) Assist the Department of Public Welfare in the~~  
18           ~~recruitment and certification of qualified providers.~~

19           ~~(4) In cooperation with the Department of Public~~  
20           ~~Welfare, report annually to the General Assembly the number~~  
21           ~~of applicants, the number of recipients and the number of~~  
22           ~~assisted individuals.~~

23          ~~(h) Limitation. In no case shall the total aggregate amount~~  
24          ~~of payments to certified providers under this chapter exceed~~  
25          ~~Federal appropriations and State appropriations from the fund to~~  
26          ~~the Department of Public Welfare for home and community based~~  
27          ~~services. In no case shall the total aggregate amount of~~  
28          ~~payments to entities under this act exceed Federal~~  
29          ~~appropriations and State appropriations from the fund to the~~  
30          ~~Department of Aging for home and community based services.~~

1 CHAPTER 15

2 MEDICAL ASSISTANCE FOR WORKERS WITH DISABILITIES

3 Section 1501.—Scope.

4 This chapter deals with medical assistance benefits for  
5 workers with disabilities.

6 Section 1502.—Definitions.

7 The following words and phrases when used in this chapter  
8 shall have the meanings given to them in this section unless the  
9 context clearly indicates otherwise:

10 "Medical assistance."—The State program of medical  
11 assistance established under the act of June 13, 1967 (P.L.31,  
12 No.21), known as the Public Welfare Code.

13 "Monthly income."—The monthly income of an individual as  
14 determined by the Department of Public Welfare when applying the  
15 income deductions applicable in determining eligibility for  
16 Medicare cost sharing in accordance with 42 U.S.C. §  
17 1396a(a)(10)(E).

18 "Worker with a disability."—An individual who:

19 (1) Is between 16 and 64 years of age.

20 (2) Is employed at least 40 hours per month and is  
21 earning at least the applicable minimum wage under section 6  
22 of the Fair Labor Standards Act of 1938 (52 Stat. 1060, 29  
23 U.S.C. § 206).

24 (3) Is eligible to receive Supplemental Security Income  
25 (SSI) except that earnings exceed the limit established in 42  
26 U.S.C. § 1396d(q)(2)(B).

27 (4) Has monthly income below 250% of the Federal poverty  
28 income guidelines.

29 (5) Has countable resources equal to or less than two  
30 times the SSI resource level established pursuant to 42

1 ~~U.S.C. § 1382.~~

2 ~~Section 1503. Medical assistance benefits for workers with~~  
3 ~~disabilities.~~

4 ~~(a) Program establishment. There is established in the~~  
5 ~~Department of Public Welfare a medical assistance purchase~~  
6 ~~program for workers with disabilities. Fund appropriations to~~  
7 ~~the Department of Public Welfare for the program shall be used~~  
8 ~~by the Department of Public Welfare to provide medical~~  
9 ~~assistance to a worker with a disability.~~

10 ~~(b) Worker with a disability responsibilities. A worker~~  
11 ~~with a disability seeking to purchase medical assistance~~  
12 ~~benefits shall:~~

13 ~~(1) Pay to the Department of Public Welfare or its~~  
14 ~~designee 5% of the worker's monthly income in a manner to be~~  
15 ~~determined by the Department of Public Welfare.~~

16 ~~(2) Notify the Department of Public Welfare or its~~  
17 ~~designee of any change in the worker's monthly income in a~~  
18 ~~manner to be determined by the Department of Public Welfare.~~

19 ~~(c) Provision of benefits. Upon receipt of a worker's~~  
20 ~~payment under subsection (b)(1), the Department of Public~~  
21 ~~Welfare or its designee shall provide to the worker medical~~  
22 ~~assistance benefits at the level provided to Supplemental~~  
23 ~~Security Income (SSI) adult recipients.~~

24 ~~(d) Department of Public Welfare responsibilities. The~~  
25 ~~Department of Public Welfare shall:~~

26 ~~(1) Administer the medical assistance purchase program.~~

27 ~~(2) Report on an annual basis to the General Assembly~~  
28 ~~the number of individuals purchasing medical benefits and the~~  
29 ~~average amount paid for benefits.~~

30 ~~(e) Limitations. Provision of medical assistance benefits~~

~~1 pursuant to this section shall not exceed the annual amount of  
2 State funds appropriated to the medical assistance purchase  
3 program for workers with disabilities.~~

~~4 CHAPTER 16~~

~~5 MEDICAL ASSISTANCE ELIGIBILITY~~

~~6 Section 1601.—Definitions.~~

~~7 The following words and phrases when used in this chapter  
8 shall have the meanings given to them in this section unless the  
9 context clearly indicates otherwise:~~

~~10 "Administration."—The Health Care Financing Administration.~~

~~11 "Department."—The Department of Public Welfare of the  
12 Commonwealth.~~

~~13 Section 1602.—Income disregard.~~

~~14 In order to maximize Federal funds, the department, as  
15 authorized under section 1931 of the Social Security Act (49  
16 Stat. 620, 42 U.S.C. § 1396u-2), shall submit to the  
17 administration changes in medical assistance eligibility  
18 regulations to provide for disregard from income in an amount  
19 equal to the Federal poverty level.~~

~~20 Section 1603.—Resources.~~

~~21 (a) Not considered.—Except as set forth in subsection (b),  
22 in establishing or redetermining eligibility for medical  
23 assistance, the department shall not consider any resources  
24 owned by the applicant or recipient.~~

~~25 (b) Exception.—Subsection (a) shall not apply in  
26 establishing or redetermining eligibility for any of the  
27 following:~~

~~28 (1) Nursing facility services.~~

~~29 (2) Home and community based services.~~

~~30 Section 1604.—Medical assistance.~~

1 ~~An individual is eligible for medical assistance if the~~  
2 ~~individual meets all of the following:~~

3 ~~(1) Has income not exceeding 200% of the Federal poverty~~  
4 ~~level, as determined annually by the Department of Health and~~  
5 ~~Human Services.~~

6 ~~(2) Is not covered by a health insurance plan.~~

7 ~~CHAPTER 17~~

8 ~~PENNSYLVANIA BIOMEDICAL RESEARCH AUTHORITY~~

9 ~~Section 1701. Scope of chapter.~~

10 ~~This chapter deals with the Pennsylvania Biomedical Research~~  
11 ~~Authority.~~

12 ~~Section 1702. Short title of chapter.~~

13 ~~This chapter shall be known and may be cited as the~~  
14 ~~Pennsylvania Biomedical Research Authority Act.~~

15 ~~Section 1703. Legislative intent.~~

16 ~~The General Assembly finds and declares as follows:~~

17 ~~(1) Pennsylvania's teaching colleges, academic health~~  
18 ~~centers and cancer research institutes have allowed this~~  
19 ~~Commonwealth to become a national leader in medical education~~  
20 ~~and research.~~

21 ~~(2) Health care, the largest nonagriculture segment of~~  
22 ~~this Commonwealth's economy, accounts for more than 14% of~~  
23 ~~the domestic State product.~~

24 ~~(3) At the heart of this Commonwealth's pharmaceutical~~  
25 ~~and emerging biotechnology industries is medical research for~~  
26 ~~which Pennsylvania provides no direct support or investment.~~

27 ~~(4) Many academic health centers have reorganized their~~  
28 ~~research operations to encourage technology transfer and to~~  
29 ~~allow these institutions to share in the intellectual~~  
30 ~~property created by researchers at the institutions.~~

1 ~~Section 1704.— Definitions.~~

2 ~~The following words and phrases when used in this chapter~~  
3 ~~shall have the meanings given to them in this section unless the~~  
4 ~~context clearly indicates otherwise:~~

5 ~~"Authority."— The Pennsylvania Biomedical Research Authority.~~

6 ~~"Biomedical company."— A person whose headquarters or base of~~  
7 ~~operations is located in this Commonwealth, engaged in the~~  
8 ~~research, development, production or provision of biomedicine~~  
9 ~~for the purpose of developing or providing products, processes~~  
10 ~~or technologies for specific commercial or public purposes,~~  
11 ~~including, but not limited to, medical, pharmaceutical and~~  
12 ~~nutritional and other health related purposes, or a person whose~~  
13 ~~headquarters or base of operations is located in this~~  
14 ~~Commonwealth who is engaged in providing services or products~~  
15 ~~necessary for such research, development, product or provision~~  
16 ~~of service. The term includes bioinformatics, biomedicine,~~  
17 ~~biopharmacogenomics, biopharmaceuticals, biorobotics,~~  
18 ~~bioscience, biotechnology and genome research companies.~~

19 ~~"Biomedicine."— The continually expanding body of fundamental~~  
20 ~~knowledge about the structure and function of biological systems~~  
21 ~~which seeks, through research, to use that knowledge of~~  
22 ~~naturally occurring processes to develop products, services and~~  
23 ~~technologies to address medical problems, prolong life and~~  
24 ~~prevent and treat disease.~~

25 ~~"Board."— The board of directors of the Pennsylvania~~  
26 ~~Biomedical Research Authority.~~

27 ~~"Bonds."— Bonds, notes or other evidences of indebtedness~~  
28 ~~issued by the authority pursuant to this chapter.~~

29 ~~"Clinical trials."— Tests conducted at a site located within~~  
30 ~~this Commonwealth that has been approved for conducting studies~~

1 ~~on the efficacy of drugs and other pharmaceutical products~~  
2 ~~leading to approval by the United States Food and Drug~~  
3 ~~Administration.~~

4 ~~"Financial manager."—An organization authorized to do~~  
5 ~~business in this Commonwealth that:~~

6 ~~(1) is authorized to act as a trustee pursuant to the~~  
7 ~~provisions of the Employee Retirement Income Security Act of~~  
8 ~~1974 (Public Law 93-406, 88 Stat. 829) or an insurance~~  
9 ~~company;~~

10 ~~(2) (i) is licensed or chartered by the Insurance~~  
11 ~~Department or Department of Banking;~~

12 ~~(ii) is chartered by an agency of the Federal~~  
13 ~~Government; or~~

14 ~~(iii) is subject to the jurisdiction of the Federal~~  
15 ~~Securities and Exchange Commission; and~~

16 ~~(3) provides or secures venture capital.~~

17 ~~"Fund."—The Biomedical Research Revolving Fund.~~

18 ~~"Governmental unit."—Any agency of the Commonwealth or any~~  
19 ~~county, municipality or school district, or any agency,~~  
20 ~~instrumentality, authority or corporation thereof, or any public~~  
21 ~~body having local or regional jurisdiction or power.~~

22 ~~"Public school retirement system."—The retirement system for~~  
23 ~~public school employees created pursuant to 24 Pa.C.S. (relating~~  
24 ~~to education).~~

25 ~~"Research center."—An academic health center, medical school~~  
26 ~~or Federally approved cancer research center located within this~~  
27 ~~Commonwealth.~~

28 ~~"State Employees' Retirement System."—The retirement system~~  
29 ~~for State employees created pursuant to 71 Pa.C.S. (relating to~~  
30 ~~State government).~~



1           ~~(i) One shall be a licensed physician in this~~  
2           ~~Commonwealth.~~

3           ~~(ii) One shall be a representative of a biomedical~~  
4           ~~company or a trade or regional association that~~  
5           ~~represents biomedical companies.~~

6           ~~(iii) One shall be a representative of a health~~  
7           ~~consumer interest group.~~

8           ~~(iv) One shall be a representative of a research~~  
9           ~~center.~~

10          ~~(c) Officers. The Secretary of Community and Economic~~  
11          ~~Development shall be the chairman and chief executive officer of~~  
12          ~~the authority. The board shall biannually elect a vice chairman.~~  
13          ~~The board shall select a secretary and treasurer who need not be~~  
14          ~~members of the board, and the same person may be selected to~~  
15          ~~serve as both secretary and treasurer.~~

16          ~~(d) Vesting of powers. The powers of the authority shall be~~  
17          ~~vested in the board in office from time to time, and eight~~  
18          ~~members of the board shall constitute a quorum at any meeting.~~  
19          ~~Action may be taken and motions and resolutions adopted by the~~  
20          ~~authority by the affirmative vote of at least seven members of~~  
21          ~~the board. No vacancy on the board shall impair the right of a~~  
22          ~~quorum of the members of the board to exercise the powers and~~  
23          ~~perform the duties of the authority.~~

24          ~~(e) Designees. Each public officer member of the board may~~  
25          ~~designate an officer or employee of the Commonwealth to~~  
26          ~~represent him at meetings of the board. Each designee may~~  
27          ~~lawfully vote and otherwise act on behalf of the member of the~~  
28          ~~board for whom he constitutes the designee. The designation~~  
29          ~~shall be in writing delivered to the authority and shall~~  
30          ~~continue in effect until revoked or amended in writing delivered~~

1 ~~to the authority.~~

2 ~~(f) Services. Research, investigation and other services~~  
3 ~~necessary for the operation of the board shall be carried out~~  
4 ~~from resources and by employees from the various executive~~  
5 ~~departments represented on the board. All applicable~~  
6 ~~Commonwealth departments and agencies shall cooperate with and~~  
7 ~~provide assistance to the board, which may at its discretion~~  
8 ~~provide financial reimbursement.~~

9 ~~(g) Dissolution. The authority may be dissolved by law,~~  
10 ~~provided that the authority has no bonds or other debts or~~  
11 ~~obligations outstanding or that provision has been made for the~~  
12 ~~payment or retirement of all such bonds, debts and obligations.~~  
13 ~~Upon any dissolution of the authority, all property, funds and~~  
14 ~~assets of the authority shall be vested in the Commonwealth.~~

15 ~~(h) Credit and taxing power of the Commonwealth. The~~  
16 ~~authority shall have no power at any time to pledge the credit~~  
17 ~~or taxing power of the Commonwealth or any of its municipalities~~  
18 ~~or political subdivisions nor shall any of its obligations be~~  
19 ~~deemed to be obligations of the Commonwealth or any of its~~  
20 ~~political subdivisions.~~

21 ~~Section 1706. Revenues of authority.~~

22 ~~(a) Sources of revenues. The authority may receive money~~  
23 ~~from sources of revenue, including, but not limited to, the~~  
24 ~~following:~~

25 ~~(1) State funds appropriated to the authority.~~

26 ~~(2) Federal funds appropriated to or granted to the~~  
27 ~~authority.~~

28 ~~(3) Venture capital from private companies.~~

29 ~~(4) Proceeds from the sale of bonds of the authority~~  
30 ~~authorized under section 1708.~~

1           ~~(5) Proceeds from the sale of any Commonwealth general~~  
2           ~~obligation bonds issued under sections 304 and 305.~~

3           ~~(6) Proceeds from the sale of authority assets.~~

4           ~~(7) Repayment of loan principal.~~

5           ~~(8) Payment of interest on loans made by the authority.~~

6           ~~(9) Interest earned on the investment of authority~~  
7           ~~moneys.~~

8           ~~(10) Proceeds from licensing fees, royalties or any~~  
9           ~~other intellectual property source.~~

10          ~~(b) Control of revenues; investment of funds. The board~~  
11          ~~shall have exclusive control and management of all moneys of the~~  
12          ~~authority and full power to invest moneys not required for~~  
13          ~~immediate use in any securities or other investments in which~~  
14          ~~funds of the Commonwealth are authorized to be invested and in~~  
15          ~~any other type of security or investment if, prior to the~~  
16          ~~acquisition of the securities or investments, the board~~  
17          ~~determines by resolution that the type of security or investment~~  
18          ~~is in the best interests of the authority and the State~~  
19          ~~Treasurer approves of the type of security or other investment.~~

20          ~~(c) Fiduciary status of board.—~~

21           ~~(1) The members of the board, employees of the board and~~  
22           ~~agents thereof shall stand in a fiduciary relationship~~  
23           ~~regarding the investments and disbursements of any of the~~  
24           ~~moneys of the fund and shall not profit either directly or~~  
25           ~~indirectly with respect thereto. The board may, when possible~~  
26           ~~and consistent with its fiduciary duties imposed by this~~  
27           ~~subsection or other law, including its obligation to invest~~  
28           ~~and manage the fund, consider whether an investment in any~~  
29           ~~project or business enhances and promotes the general welfare~~  
30           ~~of this Commonwealth and its citizens, including, but not~~

1 ~~limited to, investments that increase and enhance the~~  
2 ~~employment of Commonwealth residents and stimulate further~~  
3 ~~investment and economic activity in this Commonwealth.~~

4 ~~(2) In determining whether an investment meets the~~  
5 ~~standard of prudence, the board may consider, together with~~  
6 ~~the expected return on and the risk characteristics of the~~  
7 ~~particular investment, the actual and expected future returns~~  
8 ~~and the risk characteristics of the total venture capital~~  
9 ~~investments held by the board at the time and the degree to~~  
10 ~~which the proposed new investment would promote further~~  
11 ~~diversification within the venture capital asset class.~~

12 ~~(3) The board in its prudent discretion may make any~~  
13 ~~investments which meet the standard of prudence set forth in~~  
14 ~~paragraph (1) by becoming:~~

15 ~~(i) a limited partner in partnerships that will hold~~  
16 ~~or make the investments or by acquiring stocks or shares~~  
17 ~~or units of participation or otherwise participating~~  
18 ~~beneficially in the fund of any corporation or trust~~  
19 ~~organized or created and existing under the laws of the~~  
20 ~~United States or of this Commonwealth, if the liability~~  
21 ~~of the fund shall be limited to the amount of its~~  
22 ~~investment;~~

23 ~~(ii) by supporting clinical trials of any drug or~~  
24 ~~pharmaceutical in exchange for a financial interest in~~  
25 ~~that drug or pharmaceutical or the company developing~~  
26 ~~that drug or pharmaceutical; or~~

27 ~~(iii) by supporting research at a research center~~  
28 ~~that the board believes has a reasonable expectation of~~  
29 ~~resulting in a product or service which can or will be~~  
30 ~~transferred to a biomedical company, in exchange for~~

1 ~~future financial consideration.~~

2 ~~(d) Legislative declaration concerning certain authorized~~  
3 ~~investments. The General Assembly finds and declares that~~  
4 ~~authorized investments of the fund made by or on behalf of the~~  
5 ~~board under this section whereby the board becomes a joint owner~~  
6 ~~or stockholder in any company, corporation or association are~~  
7 ~~outside the scope of the original intent of and therefore do not~~  
8 ~~violate the prohibition set forth in section 8 of Article VIII~~  
9 ~~of the Constitution of Pennsylvania.~~

10 ~~(e) Limitations on investments. Notwithstanding any other~~  
11 ~~provision of this chapter to the contrary, the board shall~~  
12 ~~invest the moneys in the fund exclusively to provide grants and~~  
13 ~~loans to or take an equity interest in biomedical business~~  
14 ~~ventures, including supporting research and product development~~  
15 ~~and transfer at research centers and supporting clinical trials,~~  
16 ~~within this Commonwealth. The board may make these investments~~  
17 ~~directly or through an approved financial manager.~~

18 ~~(f) General fund and other separate funds or accounts.—~~

19 ~~(1) The board shall establish a general fund from which~~  
20 ~~it may authorize expenditures for any of the purposes of this~~  
21 ~~chapter.~~

22 ~~(2) The board shall establish and administer a~~  
23 ~~Biomedical Research Revolving Fund and may establish such~~  
24 ~~other separate revolving funds and accounts when determined~~  
25 ~~by the board to be necessary or convenient. The board may~~  
26 ~~deposit no more than \$725,000,000 in funds and accounts~~  
27 ~~established under this paragraph from the sources specified~~  
28 ~~in subsection (a)(4) and (5). This limitation shall not apply~~  
29 ~~to any Federal funds.~~

30 ~~(3) The board may also establish such nonrevolving funds~~

1 ~~and accounts as it deems necessary or convenient. Any funds~~  
2 ~~from sources specified in subsection (a)(4) and (5) which are~~  
3 ~~not deposited in the board's revolving funds and accounts~~  
4 ~~shall be deposited into these nonrevolving funds and~~  
5 ~~accounts.~~

6 ~~(g) Loan repayment. Subject to any agreement with the~~  
7 ~~holders of bonds, repayments of loan principal, together with~~  
8 ~~any interest thereon, shall be deposited with the authority.~~  
9 ~~Repayments from loans made from revolving funds and accounts may~~  
10 ~~be deposited in such funds and accounts as the board shall~~  
11 ~~determine. Repayments from other loans shall be deposited in~~  
12 ~~nonrevolving funds and accounts for the purpose of repayment of~~  
13 ~~general obligation bonds of the Commonwealth issued under the~~  
14 ~~authority of this chapter. The board shall maintain such~~  
15 ~~separate funds and accounts as may be necessary for the deposit~~  
16 ~~of payments made under authority or requirement of Federal or~~  
17 ~~State law.~~

18 ~~Section 1707. Powers and duties of authority.~~

19 ~~The authority shall have and may exercise all powers~~  
20 ~~necessary or appropriate to carry out and effectuate the~~  
21 ~~purposes of this chapter, including, but not limited to, the~~  
22 ~~following:~~

23 ~~(1) Conduct examinations and investigations and take~~  
24 ~~testimony, under oath or affirmation, on any matter necessary~~  
25 ~~to the determination and approval of project applications.~~

26 ~~(2) Sue and be sued, implead and be impleaded, complain~~  
27 ~~and defend in all courts.~~

28 ~~(3) Adopt, use and alter at will a corporate seal.~~

29 ~~(4) (i) Make bylaws for the management and regulation~~  
30 ~~of its affairs and make and, from time to time, adopt,~~

1 ~~amend and repeal rules and regulations governing the~~  
2 ~~administrative procedures and business of the authority.~~

3 ~~(ii) Notwithstanding subparagraph (i) and in order~~  
4 ~~to facilitate the speedy implementation of the Biomedical~~  
5 ~~Research Program, the board shall have the power and~~  
6 ~~authority to promulgate, adopt and use guidelines that~~  
7 ~~shall be published in the Pennsylvania Bulletin. The~~  
8 ~~guidelines shall be subject to review pursuant to section~~  
9 ~~204(b) of the act of October 15, 1980 (P.L.950, No.164),~~  
10 ~~known as the Commonwealth Attorneys Act, and shall not be~~  
11 ~~subject to review pursuant to the act of June 25, 1982~~  
12 ~~(P.L.633, No.181), known as the Regulatory Review Act,~~  
13 ~~and shall be effective for a period not to exceed two~~  
14 ~~years from the effective date of this chapter.~~

15 ~~(iii) After expiration of the two year period, all~~  
16 ~~guidelines relating to the Biomedical Research Program~~  
17 ~~shall expire and shall be replaced by regulations which~~  
18 ~~shall have been promulgated, adopted and published as~~  
19 ~~provided by law.~~

20 ~~(5) Make contracts of every name and nature and execute~~  
21 ~~all instruments necessary or convenient for the carrying on~~  
22 ~~of its business.~~

23 ~~(6) Accept grants from and enter into contracts or other~~  
24 ~~transactions with any Federal, State or local agency.~~

25 ~~(7) Provide financial assistance, including, but not~~  
26 ~~limited to, grants, loans, loan guarantees, bond guarantees~~  
27 ~~and grants for projects fulfilling the purposes of this~~  
28 ~~chapter.~~

29 ~~(8) Collect fees and charges and revenue from licensing~~  
30 ~~fees, royalties and other intellectual property sources~~

1 relating to projects funded under this chapter, as the board  
2 determines to be reasonable, relating to activities  
3 undertaken in furtherance of the purposes of this chapter.

4 ~~(9) Borrow money and issue bonds and provide for the~~  
5 ~~right of holders thereof in accordance with the provisions of~~  
6 ~~this chapter.~~

7 ~~(10) Pledge, hypothecate or otherwise encumber all or~~  
8 ~~any of the revenues or receipts of the authority as security~~  
9 ~~for all or any of the bonds of the authority.~~

10 ~~(11) Receive appropriations and apply for and accept~~  
11 ~~grants, gifts, donations, bequests and settlements from any~~  
12 ~~public or private source.~~

13 ~~(12) Acquire, own, hold, construct, improve,~~  
14 ~~rehabilitate, renovate, operate, maintain, sell, assign,~~  
15 ~~exchange, lease, mortgage or otherwise dispose of real and~~  
16 ~~personal property or any interest therein in the exercise of~~  
17 ~~its powers and the performance of its duties under this~~  
18 ~~chapter.~~

19 ~~(13) Procure insurance against any loss in connection~~  
20 ~~with its property and other assets and operations in any~~  
21 ~~amounts and from any insurers as it deems desirable.~~

22 ~~(14) Contract for the services of attorneys, accountants~~  
23 ~~and financial experts and any other advisors, consultants and~~  
24 ~~agents as may be necessary in its judgment, subject to the~~  
25 ~~requirement that the chairman shall ensure that minority-~~  
26 ~~owned or minority controlled firms shall have an opportunity~~  
27 ~~to participate to a significant degree in the provision of~~  
28 ~~any contractual services purchased by the authority.~~

29 ~~(15) Subject to any agreement with holders of its bonds,~~  
30 ~~notes or other obligations, purchase bonds, notes and other~~

1 ~~obligations of the authority.~~

2 ~~(16) Subject to any agreement with holders of its bonds,~~  
3 ~~notes or other obligations, obtain as security for payment of~~  
4 ~~all or any part of the principal of and interest and premium~~  
5 ~~on the bonds, notes and other obligations of the authority,~~  
6 ~~lines of credit and letters of credit in any amounts and upon~~  
7 ~~any terms as the authority may determine, and pay any fees~~  
8 ~~and expenses required in connection therewith.~~

9 ~~(17) Do any act necessary or convenient to the exercise~~  
10 ~~of the powers enumerated in this section or reasonably~~  
11 ~~implied therefrom.~~

12 ~~(18) Prepare plans and reports and provide for public~~  
13 ~~participation as deemed appropriate.~~

14 ~~(19) Fund prefeasibility studies from any of its sources~~  
15 ~~of revenue.~~

16 ~~(20) Establish an equity interest in any company that~~  
17 ~~receives assistance from the fund in a measure determined on~~  
18 ~~a valuation of the amount of the assistance and to acquire~~  
19 ~~and sell security interests at public or private sale; to~~  
20 ~~negotiate modifications or alterations to security interests;~~  
21 ~~to foreclose on security interest in default or commence any~~  
22 ~~action to protect or enforce any right conferred upon it by~~  
23 ~~any law, security agreement, contract or other agreement; to~~  
24 ~~bid for and purchase property which was the subject of such~~  
25 ~~security interest at any foreclosure or at any other sale; to~~  
26 ~~acquire or take possession of any such property; and to~~  
27 ~~exercise any and all rights as provided by law for the~~  
28 ~~benefit or protection of the authority or security interest~~  
29 ~~holders.~~

30 ~~(21) To make and execute contracts and to pay the~~

1 ~~reasonable value of services rendered to the authority~~  
2 ~~pursuant to those contracts.~~

3 ~~Section 1708. Specific power to issue bonds.~~

4 ~~(a) Principal amounts. The authority may issue its bonds,~~  
5 ~~notes or other obligations in principal amounts as in the~~  
6 ~~judgment of the authority shall be necessary, but not to exceed~~  
7 ~~a total sum of \$100,000,000, to provide sufficient funds for any~~  
8 ~~of its corporate purposes. Corporate purposes shall be deemed to~~  
9 ~~include:~~

10 ~~(1) The payment, funding or refunding of the principal~~  
11 ~~of or interest or redemption premiums on any bonds issued by~~  
12 ~~it, whether the bonds to be funded or refunded have or have~~  
13 ~~not become due.~~

14 ~~(2) The establishment or increase of reserves to secure~~  
15 ~~or to pay the bonds or interest thereon.~~

16 ~~(3) All other costs or expenses of the authority~~  
17 ~~incident to and necessary to carry out its corporate purposes~~  
18 ~~and powers.~~

19 ~~(b) Negotiable instrument designation. Whether or not the~~  
20 ~~bonds are of a form and character as to be negotiable~~  
21 ~~instruments under the terms of 13 Pa.C.S. (relating to~~  
22 ~~commercial code), the bonds are made negotiable instruments~~  
23 ~~within the meaning of and for the purposes of 13 Pa.C.S.,~~  
24 ~~subject only to the provisions of the bonds for registration.~~

25 ~~(c) Resolution; terms of bonds. Bonds shall be authorized~~  
26 ~~by resolution of the board, may be issued in one or more series~~  
27 ~~and shall bear any date or dates, mature at any time or times~~  
28 ~~not later than 35 years from the date of issuance thereof, bear~~  
29 ~~interest at any rate or rates or at variable rates, be in any~~  
30 ~~denomination or denominations, be in any form, either coupon or~~

1 ~~registered, carry any conversion or registration privileges,~~  
2 ~~have any rank or priority, be executed in any manner, be payable~~  
3 ~~from such sources in any medium of payment at any place or~~  
4 ~~places within or without this Commonwealth and be subject to any~~  
5 ~~terms of redemption, purchase or tender by the authority or the~~  
6 ~~holders thereof, with or without premium, as the resolution or~~  
7 ~~resolutions may provide. A resolution of the authority~~  
8 ~~authorizing the issuance of bonds may provide that the bonds be~~  
9 ~~secured by a trust indenture between the authority and a~~  
10 ~~trustee, vesting in the trustee any property, rights, powers and~~  
11 ~~duties in trust consistent with the provisions of this chapter~~  
12 ~~as the authority may determine. Such resolution may further~~  
13 ~~provide for the acquisition of credit enhancement devices such~~  
14 ~~as bond insurance, letters of credit or any other instruments to~~  
15 ~~carry out the provisions of this section.~~

16 ~~(d) Public or private sale. Bonds shall be sold initially~~  
17 ~~at public sale at any price or prices and in any manner as the~~  
18 ~~authority may determine, subject to the requirement that the~~  
19 ~~chairman shall ensure that minority owned or minority controlled~~  
20 ~~firms shall have an opportunity to participate to a significant~~  
21 ~~degree in any bond sale activities. Any portion of any bond~~  
22 ~~issue so offered and not sold or subscribed for may be disposed~~  
23 ~~of by private sale by the authority in such manner and at such~~  
24 ~~prices as the authority shall direct.~~

25 ~~(e) No prior preconditions on bond issuance. Bonds may be~~  
26 ~~issued under the provisions of this chapter without obtaining~~  
27 ~~the consent of any department, division, board, bureau or agency~~  
28 ~~of the Commonwealth and without any other proceeding or the~~  
29 ~~happening of any other conditions or other things than those~~  
30 ~~proceedings, conditions or things which are specifically~~

1 ~~required by this chapter.~~

2 ~~(f) Limitation on obligations. Bonds issued under the~~  
3 ~~provisions of this chapter shall not be a debt or liability of~~  
4 ~~the Commonwealth or of any of its political subdivisions other~~  
5 ~~than the authority and shall not create or constitute any~~  
6 ~~indebtedness, liability or obligation of the Commonwealth or of~~  
7 ~~any political subdivision. All bonds shall be payable solely~~  
8 ~~from revenues or funds pledged or available for their payment as~~  
9 ~~authorized in this chapter, including the proceeds of any issue~~  
10 ~~of bonds. Each bond shall contain on its face a statement to the~~  
11 ~~effect that the authority is obligated to pay the principal~~  
12 ~~thereof or the interest thereon only from its revenues, receipts~~  
13 ~~or funds pledged or available for their payment as authorized in~~  
14 ~~this chapter, that neither the Commonwealth nor any political~~  
15 ~~subdivisions are obligated to pay the principal or interest and~~  
16 ~~that neither the faith and credit nor the taxing power of the~~  
17 ~~Commonwealth or any political subdivision is pledged to the~~  
18 ~~payment of the principal of or the interest on the bonds.~~

19 ~~(g) Nature of obligation and payment. Each issue of bonds~~  
20 ~~may, if it is determined by the authority, be general~~  
21 ~~obligations of the authority payable out of any revenues,~~  
22 ~~receipts or funds of the authority, or special obligations~~  
23 ~~payable out of particular revenues, receipts or funds, subject~~  
24 ~~only to agreements with the holders of the bonds. Bonds may be~~  
25 ~~secured by one or more of the following:~~

26 ~~(1) Pledges of revenues and other receipts to be derived~~  
27 ~~from the payment of the interest on and any principal of~~  
28 ~~notes and bonds issued by one or more governmental units and~~  
29 ~~purchased by the authority, and any other payment made to the~~  
30 ~~authority pursuant to agreements with any governmental unit~~

1 ~~or a pledge or assignment of any notes and bonds of any~~  
2 ~~governmental units, and the rights and interests of the~~  
3 ~~authority therein.~~

4 ~~(2) Pledges of loan payments, rentals, other revenues to~~  
5 ~~be derived from loan agreements, leases or other contractual~~  
6 ~~arrangements with any person or entity, public or private, or~~  
7 ~~a pledged or assignment of any such loan agreements, leases~~  
8 ~~or other contractual arrangements, and the rights and~~  
9 ~~interests of the authority therein.~~

10 ~~(3) Pledges of grants, subsidies, contributions,~~  
11 ~~appropriations or other payments to be received from the~~  
12 ~~Federal Government or any instrumentality thereof or from the~~  
13 ~~Commonwealth, any Commonwealth agency or other governmental~~  
14 ~~unit.~~

15 ~~(4) Pledges of all moneys, funds, accounts, securities~~  
16 ~~and other funds, including the proceeds of the bonds.~~

17 ~~(5) Mortgages and security interests covering all or~~  
18 ~~part of any project or other property of any person or~~  
19 ~~entity, real or personal, then owned or thereafter to be~~  
20 ~~acquired, or a pledge or assignment of mortgages and security~~  
21 ~~interests made or granted to the authority by any person or~~  
22 ~~entity, and the rights and interests of the authority~~  
23 ~~therein.~~

24 ~~(h) Exemption from taxation. All bonds and notes issued~~  
25 ~~under the provisions of this section shall be exempt from~~  
26 ~~taxation for State and local purposes.~~

27 ~~Section 1709. Covenants and express conditions on obligations.~~

28 ~~In any resolution of the authority authorizing or relating to~~  
29 ~~the issuance of bonds, the authority, in order to secure payment~~  
30 ~~of the bonds, and, in addition to its other powers, may, by~~

1 ~~provisions in the resolution which shall constitute covenants by~~  
2 ~~the authority and contracts with the holders of the bonds, do~~  
3 ~~the following:~~

4 ~~(1) Secure the bonds.~~

5 ~~(2) Make covenants against pledging all or part of its~~  
6 ~~revenues or receipts to other parties.~~

7 ~~(3) Make covenants limiting its right to sell, pledge or~~  
8 ~~otherwise dispose of notes and bonds of governmental units,~~  
9 ~~loan agreements of public or private persons or entities, or~~  
10 ~~other property of any kind.~~

11 ~~(4) Make covenants as to additional bonds to be issued,~~  
12 ~~the limitations thereon, the terms and conditions thereof,~~  
13 ~~and the custody, application, investment and disposition of~~  
14 ~~the proceeds thereof.~~

15 ~~(5) Make covenants as to the incurring of other debts by~~  
16 ~~it.~~

17 ~~(6) Make covenants as to the payment of principal or~~  
18 ~~interest on bonds, the sources and methods of the payment,~~  
19 ~~the rank or priority of bonds with respect to liens or~~  
20 ~~security interests or the acceleration of maturity of bonds.~~

21 ~~(7) Provide for replacement of lost, stolen, destroyed~~  
22 ~~or mutilated bonds.~~

23 ~~(8) Make covenants as to the redemption, purchase or~~  
24 ~~tender of bonds by the authority, or the holders thereof, and~~  
25 ~~the privileges of exchanging them for other bonds.~~

26 ~~(9) Make covenants to create or authorize the creation~~  
27 ~~of special funds or accounts to be held in trust or otherwise~~  
28 ~~for the benefit of holders of bonds, or of reserves for other~~  
29 ~~purposes and as to the use, investment and disposition of~~  
30 ~~moneys held in those funds, accounts or reserves.~~

1           ~~(10) Provide for the rights, liabilities, powers and~~  
2           ~~duties arising upon the breach of a covenant, condition or~~  
3           ~~obligation and prescribe the events of default and the terms~~  
4           ~~and conditions upon which any or all of the bonds shall~~  
5           ~~become or may be declared due and payable before maturity and~~  
6           ~~the terms and conditions upon which the declaration and its~~  
7           ~~consequences may be waived.~~

8           ~~(11) Vest in a trustee or trustees within or without~~  
9           ~~this Commonwealth in trust any property, rights, powers and~~  
10           ~~duties as the authority may determine. These may include any~~  
11           ~~or all of the rights, powers and duties of any trustee~~  
12           ~~appointed by the holders of bonds or notes, including rights~~  
13           ~~with respect to the sale or other disposition of notes and~~  
14           ~~bonds of governmental units and other instruments and~~  
15           ~~security pledged pursuant to a resolution or trust indenture~~  
16           ~~for the benefit of the holders of bonds and the right, by~~  
17           ~~suit or action, to foreclose any mortgage pledged pursuant to~~  
18           ~~the resolution or trust indenture for the benefit of the~~  
19           ~~holders of the bonds, notes or other obligations, and to~~  
20           ~~limit the right of the holders of any bonds to appoint a~~  
21           ~~trustee under this chapter and to limit the rights, powers~~  
22           ~~and duties of the trustee.~~

23           ~~(12) Pay the costs or expenses incident to the~~  
24           ~~enforcement of the bonds or the provisions of the resolution~~  
25           ~~authorizing the issuance of those bonds, or the trust~~  
26           ~~indenture securing the bonds or any covenant or agreement of~~  
27           ~~the authority with the holders of the bonds, notes or other~~  
28           ~~obligations.~~

29           ~~(13) Limit the rights of the holders of any bonds to~~  
30           ~~enforce any pledge or covenant securing bonds.~~



1 ~~same fiduciary standard applied to investments made by the~~  
2 ~~authority and shall be deemed to meet the applicable fiduciary~~  
3 ~~standard for each retirement system. Investments or commitment~~  
4 ~~of funds shall not apply against any limitation in statute or~~  
5 ~~regulation on the amount or percentage of retirement system~~  
6 ~~funds that can be invested in high risk ventures.~~

7 ~~CHAPTER 19~~

8 ~~INSTITUTE FOR BIOMEDICAL RESEARCH AND TECHNOLOGY~~

9 ~~Section 1901. Scope of chapter.~~

10 ~~This chapter deals with biomedical research and technology.~~

11 ~~Section 1902. Definitions.~~

12 ~~The following words and phrases when used in this chapter~~  
13 ~~shall have the meanings given to them in this section unless the~~  
14 ~~context clearly indicates otherwise:~~

15 ~~"Board." The board of directors of the Institute for~~  
16 ~~Biomedical Research and Technology established in this chapter.~~

17 ~~"Center." A Regional Center for Biomedical Research and~~  
18 ~~Technology Innovation established in this chapter.~~

19 ~~"Institute." The Institute for Biomedical Research and~~  
20 ~~Technology established in this chapter.~~

21 ~~Section 1903. Institute for Biomedical Research and Technology.~~

22 ~~(a) Establishment. There is hereby established an Institute~~  
23 ~~for Biomedical Research and Technology.~~

24 ~~(b) Function. The institute shall establish Regional~~  
25 ~~Centers for Biomedical Research and Technology Innovation within~~  
26 ~~this Commonwealth; aid the centers in seeking private capital~~  
27 ~~and other public investments; assist the center in developing~~  
28 ~~licensing and royalty agreements and arranging clinical trials;~~  
29 ~~provide technical, legal and administrative support; and~~  
30 ~~coordinate and provide oversight of research activities~~

1 ~~performed by the regional centers.~~

2 ~~(c) Board of directors. The institute shall be governed by~~  
3 ~~a board of directors consisting of:~~

4 ~~(1) The Secretary of Community and Economic Development,~~  
5 ~~who shall serve as chairperson.~~

6 ~~(2) The Secretary of Health.~~

7 ~~(3) The Secretary of Education.~~

8 ~~(4) One member who shall be the director of a Ben~~  
9 ~~Franklin Technology Partnership Center, who shall serve a~~  
10 ~~term of two years and shall be replaced, on a rotating basis,~~  
11 ~~by the director of a different Ben Franklin Technology~~  
12 ~~Partnership Center.~~

13 ~~(5) Four members of the Senate, two of whom shall be~~  
14 ~~appointed by the President pro tempore and two of whom shall~~  
15 ~~be appointed by the Minority Leader.~~

16 ~~(6) Four members of the House of Representatives, two of~~  
17 ~~whom shall be appointed by the Speaker and two of whom shall~~  
18 ~~be appointed by the Minority Leader.~~

19 ~~(7) Five members appointed by the Governor, meeting the~~  
20 ~~following criteria:~~

21 ~~(i) Two members from either academic medical centers~~  
22 ~~or cancer research centers; one of whom shall be a~~  
23 ~~research scientist and one of whom shall have expertise~~  
24 ~~in technology transfer, intellectual property rights or~~  
25 ~~research licensing agreements.~~

26 ~~(ii) One member from a trade association~~  
27 ~~representing private pharmaceutical companies.~~

28 ~~(iii) One member from a trade association~~  
29 ~~representing private biotechnology companies.~~

30 ~~(iv) One member from a regional technology council~~

1 ~~or an economic development organization.~~

2 ~~(d) Terms of members. The Secretary of Community and~~  
3 ~~Economic Development, the Secretary of Health and the Secretary~~  
4 ~~of Education shall serve on the board for the length of their~~  
5 ~~respective terms. Legislative appointments shall serve at the~~  
6 ~~pleasure of the appointing authority. Except as otherwise~~  
7 ~~indicated, other appointees shall serve for terms of three years~~  
8 ~~and may not serve successive terms.~~

9 ~~(e) Compensation and expenses. Members of the board shall~~  
10 ~~serve without compensation but shall be reimbursed for actual~~  
11 ~~and reasonable expenses incurred in the performance of their~~  
12 ~~official duties.~~

13 ~~(f) Staffing. The institute shall be served by the existing~~  
14 ~~staff of the Department of Community and Economic Development.~~  
15 ~~Section 1904. Regional Centers for Biomedical Research and~~  
16 ~~Technology Innovation.~~

17 ~~(a) Establishment. The institute shall establish three~~  
18 ~~regional centers, located within this Commonwealth, to~~  
19 ~~facilitate the enhancement of biomedical research and~~  
20 ~~technology.~~

21 ~~(b) Functions of centers. The regional centers shall~~  
22 ~~develop and implement biomedical and technology research~~  
23 ~~projects which promote and coordinate research in this~~  
24 ~~Commonwealth in order to:~~

25 ~~(1) Create or enhance research and related industries in~~  
26 ~~Pennsylvania.~~

27 ~~(2) Develop high quality and commercially useful~~  
28 ~~patents.~~

29 ~~(3) Attract venture capital investments.~~

30 ~~(4) Attract and retain leading scientists.~~

1           ~~(5) Encourage training and educational programs.~~

2           ~~(6) Develop regional research specialties.~~

3           ~~(7) Implement the commercial development of new research~~  
4           ~~discoveries.~~

5           ~~(c) Application for selection. The board shall solicit and~~  
6           ~~receive applications for selection as a regional center from~~  
7           ~~academic medical centers, research universities, cancer research~~  
8           ~~centers and other biomedical research centers. Each application~~  
9           ~~for consideration shall include the following:~~

10           ~~(1) A listing of the for profit and nonprofit~~  
11           ~~institutions and organizations that will comprise the~~  
12           ~~nonprofit corporation and that will own and operate the~~  
13           ~~research center.~~

14           ~~(2) The names and affiliations of the members of the~~  
15           ~~board of directors for the nonprofit corporation.~~

16           ~~(3) The proposed programs, activities and categories of~~  
17           ~~research to be conducted at the center.~~

18           ~~(4) The plans for marketing the research center to~~  
19           ~~regional institutions and corporations to build awareness and~~  
20           ~~encourage participation.~~

21           ~~(5) The proposed location of the research center.~~

22           ~~(6) A proposed budget for the first year of operations~~  
23           ~~of the facility including projected infrastructure costs and~~  
24           ~~projections on permanent staff to be employed at the research~~  
25           ~~center.~~

26           ~~(7) The anticipated health, scientific, commercial and~~  
27           ~~economic development outcomes to be achieved by the research~~  
28           ~~center.~~

29           ~~(8) The amount of funds or infrastructure to be~~  
30           ~~contributed by each participant to the research center.~~

1           ~~(9) Any other information deemed necessary by the~~  
2           ~~Secretary of Community and Economic Development.~~

3           ~~(d) Selection of regional centers. The board shall approve~~  
4           ~~three applications, from those submitted for review, for~~  
5           ~~selection as regional centers. The board shall evaluate~~  
6           ~~applications on a competitive basis and shall consider the~~  
7           ~~applicant's expertise in the subject area selected, ability to~~  
8           ~~attract private investment, quality of research facilities,~~  
9           ~~strength of the technology transfer program, intellectual~~  
10           ~~property rights policy and prior success of the applicant in~~  
11           ~~licensing products and securing patents. Priority consideration~~  
12           ~~shall be given to applicants which draw upon the resources of~~  
13           ~~multiple institutions.~~

14           ~~(e) Participation. In order to participate in research or~~  
15           ~~product development at a Regional Center for Biomedical Research~~  
16           ~~and Technology, an applicant shall make financial or other~~  
17           ~~substantially equivalent contributions to the research being~~  
18           ~~conducted in an amount established by the Department of~~  
19           ~~Community and Economic Development. The regional center shall~~  
20           ~~develop royalty agreements or other revenue streams to fund~~  
21           ~~ongoing operations of the regional center. The board of~~  
22           ~~directors shall also reach agreement with the Department of~~  
23           ~~Community and Economic Development on allowing access to and~~  
24           ~~commercialization of intellectual property. Intellectual~~  
25           ~~property shall include work of the mind or intellect associated~~  
26           ~~with an idea, invention, trade secret, process, program, data,~~  
27           ~~formula, patent, copyright or trademark, or an application,~~  
28           ~~right or registration relating thereto.~~

29           ~~(1) The Department of Community and Economic Development~~  
30           ~~shall reach agreement with the board of directors of each~~

1 ~~research center regarding the amount of capital to be raised~~  
2 ~~from the for profit and nonprofit participants prior to~~  
3 ~~disbursement of any State funds.~~

4 ~~(2) Regarding that portion of revenue which will be~~  
5 ~~returned to the Commonwealth due to successful new inventions~~  
6 ~~or new patents issued as a result of research undertaken at~~  
7 ~~the research center.~~

8 ~~(f) Personnel. A regional center may hire personnel to~~  
9 ~~coordinate research projects.~~

10 ~~(g) Review and report.—~~

11 ~~(1) Each regional center shall be subject to annual~~  
12 ~~review by the department.~~

13 ~~(2) Each regional center shall annually submit a report~~  
14 ~~to the Department of Community and Economic Development, the~~  
15 ~~Department of Health, the chairman and the minority chairman~~  
16 ~~of the Appropriations Committee of the Senate, the chairman~~  
17 ~~and minority chairman of the Appropriations Committee of the~~  
18 ~~House of Representatives, the chairman and minority chairman~~  
19 ~~of the Community and Economic Development Committee of the~~  
20 ~~Senate and the chairman and minority chairman of the Commerce~~  
21 ~~and Economic Development Committee of the House of~~  
22 ~~Representatives. This report shall be in a form and manner~~  
23 ~~developed by the Department of Community and Economic~~  
24 ~~Development working in cooperation with the Department of~~  
25 ~~Health and shall include the following:~~

26 ~~(i) The current members of the board of directors for~~  
27 ~~the center.~~

28 ~~(ii) A description of the research facilities, including~~  
29 ~~space and equipment.~~

30 ~~(iii) The center's current policies for the management~~

1 ~~and development of intellectual property and ownership of new~~  
2 ~~inventions created during the course of research undertaken~~  
3 ~~at the center.~~

4 ~~(iv) The center's policies on conflicts of interest and~~  
5 ~~the handling of confidential material.~~

6 ~~(v) A listing of all organizations, for profit and~~  
7 ~~nonprofit institutions utilizing the services of the center~~  
8 ~~during the prior year.~~

9 ~~(vi) A listing of any licenses or other contractual~~  
10 ~~obligations in effect, or anticipated, for the intellectual~~  
11 ~~property developed at the center during the prior year.~~

12 ~~(vii) A listing of any new inventions, any new patent~~  
13 ~~applications or patents issued as a result of research~~  
14 ~~undertaken at the center during the prior year.~~

15 ~~(viii) A copy of the annual operating budget for the~~  
16 ~~year, including a listing of the sources of all funds~~  
17 ~~including financial and in kind personnel, equipment or other~~  
18 ~~material donations and contributions by all parties involved~~  
19 ~~in the center, grants obtained, Federal funds leveraged and~~  
20 ~~expenditures made including infrastructure expenditures,~~  
21 ~~administrative and staffing costs.~~

22 ~~(h) Expiration. This chapter shall expire five years from~~  
23 ~~the effective date of this act.~~

## 24 ~~CHAPTER 21~~

### 25 ~~MINORITY HEALTH~~

26 ~~Section 2101. Scope of chapter.~~

27 ~~This chapter deals with establishing an Office of Minority~~  
28 ~~Health Affairs in the Department of Health and a grant program~~  
29 ~~to address disparities in health status experienced by racial~~  
30 ~~and ethnic minorities.~~

1 ~~Section 2102.— Definitions.~~

2 ~~The following words and phrases when used in this chapter~~  
3 ~~shall have the meanings given to them in this section unless the~~  
4 ~~context clearly indicates otherwise:~~

5 ~~"Department."— The Department of Health of the Commonwealth.~~

6 ~~"Office."— The Office of Minority Health Affairs established~~  
7 ~~in section 2103.~~

8 ~~"Minority."— An African American, Native American, Hispanic~~  
9 ~~American or Asian American.~~

10 ~~Section 2103.— Office of Minority Health Affairs.~~

11 ~~(a) Office established.— There is hereby established an~~  
12 ~~Office of Minority Health Affairs in the department. The office~~  
13 ~~shall identify and address public health issues affecting~~  
14 ~~minorities and the underlying causes of higher levels of disease~~  
15 ~~and disability in racial and ethnic minority communities.~~

16 ~~(b) Grant program.— The office shall develop a program to~~  
17 ~~award grants to:~~

18 ~~(1) Institutions engaged in conducting research on~~  
19 ~~issues of minority health.~~

20 ~~(2) Organizations providing minority health programs and~~  
21 ~~services.~~

22 ~~(c) Use of grants.— Grants may be used for:~~

23 ~~(1) Research dedicated to a better understanding of the~~  
24 ~~relationships between health status and different racial and~~  
25 ~~ethnic minority backgrounds.~~

26 ~~(2) Minority health education or outreach programs.~~

27 ~~(3) Minority community health improvement projects.~~

28 ~~(d) Administration of grant program.— The office shall:~~

29 ~~(1) Provide for the criteria for the granting of moneys~~  
30 ~~and for publicizing the grant program.~~



1       ~~"Department."—The Department of Community and Economic~~  
2 ~~Development of the Commonwealth.~~

3       ~~"Volunteer fire and emergency services organization."—A~~  
4 ~~nonprofit chartered corporation, association or organization~~  
5 ~~located in this Commonwealth which provides fire protection~~  
6 ~~services. Voluntary emergency services provided by a volunteer~~  
7 ~~fire and emergency services organization may include voluntary~~  
8 ~~ambulance and rescue services.~~

9 ~~Section 2303.—Volunteer Fire and Emergency Services~~  
10                               ~~Organization Grant Program.~~

11       ~~(a) Program established.—There is established in the~~  
12 ~~department the Volunteer Fire and Emergency Services~~  
13 ~~Organization Grant Program, which shall be administered by the~~  
14 ~~department. Grants provided under this program shall be used for~~  
15 ~~the following purposes:~~

16               ~~(1) To establish recruitment and retention incentive~~  
17 ~~programs for the volunteer fire and emergency services~~  
18 ~~organizations membership.~~

19               ~~(2) To purchase and maintain modern firefighting and~~  
20 ~~fire protection equipment or emergency services equipment,~~  
21 ~~not to include the purchase or maintenance of vehicles or~~  
22 ~~apparatus.~~

23       ~~(b) Guidelines and procedures.—The department, in~~  
24 ~~consultation with the Fire Safety Advisory Council, as defined~~  
25 ~~under the act of November 13, 1995 (P.L.604, No.61), known as~~  
26 ~~the State Fire Commissioner Act, shall develop guidelines and~~  
27 ~~procedures to implement the grant program.~~

28 ~~Section 2304.—Grants.~~

29       ~~(a) Authorization.—The department is hereby authorized to~~  
30 ~~make grants to eligible volunteer fire and emergency services~~

1 ~~organizations, based on preestablished eligibility criteria~~  
2 ~~developed by the department and the Fire Safety Advisory~~  
3 ~~Council.~~

4 ~~(b) Limits. Grants shall be limited to no more than \$25,000~~  
5 ~~per volunteer fire and emergency services organization in any~~  
6 ~~one fiscal year.~~

7 ~~(c) Restrictions. Eligible fire and emergency services~~  
8 ~~organizations shall only spend grant funds for the purposes~~  
9 ~~requested in their grant application. Volunteer fire and~~  
10 ~~emergency services organizations must provide proof of these~~  
11 ~~bona fide expenditures to the department within 180 days of~~  
12 ~~receiving funds under this grant program and prior to any~~  
13 ~~subsequent applications for future grants.~~

#### 14 ~~CHAPTER 25~~

#### 15 ~~JUVENILE DIABETES~~

16 ~~Section 2501. Scope of chapter.~~

17 ~~This chapter deals with establishing grant programs relating~~  
18 ~~to juvenile diabetes.~~

19 ~~Section 2502. Definitions.~~

20 ~~The following words and phrases when used in this chapter~~  
21 ~~shall have the meanings given to them in this section unless the~~  
22 ~~context clearly indicates otherwise:~~

23 ~~"Department." The Department of Health of the Commonwealth.~~

24 ~~"Secretary." The Secretary of Health of the Commonwealth.~~

25 ~~"Type 1 diabetic." A person from birth to 18 years of age~~  
26 ~~who has been diagnosed with Type 1 diabetes.~~

27 ~~"Type 1 diabetes research facility." A facility located~~  
28 ~~within this Commonwealth, with an existing program conducting~~  
29 ~~research of Type 1 diabetes and integrally related areas~~  
30 ~~affecting persons with Type 1 diabetes, as well as the~~

1 ~~development of immunology and transplantation.~~

2 ~~Section 2503. Payment for Type 1 diabetes research.~~

3 ~~(a) Grants authorized. The department shall provide grants~~  
4 ~~for research on Type 1 diabetes.~~

5 ~~(b) Distribution of funding.—~~

6 ~~(1) The secretary, in cooperation with the Physician~~  
7 ~~General, shall administer and distribute each annual~~  
8 ~~appropriation as grants to Type 1 diabetes research~~  
9 ~~facilities.~~

10 ~~(2) The funds appropriated under this act for grants~~  
11 ~~under this section shall be paid to the research facility~~  
12 ~~only if the funds are used to supplement and not supplant~~  
13 ~~existing funding from the Board of Regents for the Diabetes~~  
14 ~~Institute for Immunology and Transplantation.~~

15 ~~(c) Terms and conditions. Each grant approved by the~~  
16 ~~department under this act shall contain the following terms and~~  
17 ~~conditions:~~

18 ~~(1) The facility shall use the funds for research~~  
19 ~~relating to islet cell transplantation, islet cell~~  
20 ~~distribution and related areas affecting Type 1 diabetics.~~

21 ~~(2) The facility shall use advanced technology to~~  
22 ~~enhance the longevity and the quality of the lives of Type 1~~  
23 ~~diabetics.~~

24 ~~(d) Amount of grants. The amount of each grant awarded~~  
25 ~~under this act shall be determined by the secretary.~~

26 ~~(e) Regulations. The department shall promulgate rules,~~  
27 ~~regulations and standards for the award of the grants authorized~~  
28 ~~by this chapter.~~

29 ~~Section 2504. Reporting.~~

30 ~~Each grant recipient shall annually report to the secretary~~

~~1 and to the Health and Human Services Committee of the Senate and  
2 the Health and Human Services Committee of the House of  
3 Representatives on its use of funds received under this chapter  
4 and the progress made in research on islet cell transplantation,  
5 islet cell distribution and related areas. In reporting on its  
6 use of the funds, the annual report must include, but is not  
7 limited to, the amount of money the institute received from the  
8 academic health center, the specific purposes for which the  
9 funds were spent and verification that the funds were spent for  
10 allowable purposes according to this section. In reporting on  
11 progress made in research on transplantation, distribution and  
12 related areas, the annual report must include, but is not  
13 limited to:~~

~~14 (1) Data generated from the transplants on the benefits  
15 and disadvantages of islet cell transplantation, including  
16 data on the restoration and maintenance of tight blood sugar  
17 control and insulin independence following transplantation.~~

~~18 (2) Data on health care dollars per quality adjusted  
19 life year saved.~~

~~20 (3) Progress on achievement of health insurance coverage  
21 for islet cell transplantation procedures.~~

~~22 Section 2505. Payment for Type 1 diabetics.~~

~~23 (a) Grants authorized. The department shall utilize a  
24 portion of the fund to provide grants to Type 1 diabetics as  
25 provided in this section.~~

~~26 (b) Eligibility. A Type 1 diabetic shall be eligible for a  
27 grant for diabetic treatments and equipment if the diabetic:~~

~~28 (1) does not have health insurance; or~~

~~29 (2) is not covered by Medicaid, the Children's Health~~

~~30 Insurance Program under Article XXIII of the act of May 17,~~

1 ~~1921 (P.L. 682, No. 284), known as The Insurance Company Law of~~  
2 ~~1921, or a health insurance plan, that provides coverage for~~  
3 ~~the treatment or equipment, including, but not limited to,~~  
4 ~~insulin pumps.~~

5 ~~(c) Amount of grants. The amount of each grant awarded~~  
6 ~~under this act shall be equal to the cost of diabetic treatment~~  
7 ~~and equipment, including, but not limited to, insulin pumps, not~~  
8 ~~covered by the grant recipient's health insurance plan, provided~~  
9 ~~that no grant shall be in excess of \$2,500.~~

10 ~~(d) Regulations. The department shall administer this~~  
11 ~~section and shall promulgate rules, regulations and standards~~  
12 ~~for its proper enforcement and administration.~~

#### 13 ~~CHAPTER 27~~

#### 14 ~~OCCUPATIONAL RESPIRATORY DISEASE~~

15 ~~Section 2701. Scope of chapter.~~

16 ~~This chapter authorizes grants to certain persons with~~  
17 ~~occupational respiratory disease.~~

18 ~~Section 2702. Definitions.~~

19 ~~The following words and phrases when used in this chapter~~  
20 ~~shall have the meanings given to them in this section unless the~~  
21 ~~context clearly indicates otherwise:~~

22 ~~"Occupational respiratory disease." Coal workers~~  
23 ~~pneumoconiosis or a related respiratory disease caused by~~  
24 ~~inhaling coal dust or other harmful airborne particles for~~  
25 ~~prolonged periods in an occupational setting.~~

26 ~~Section 2703. Payment for persons with occupational respiratory~~  
27 ~~disease.~~

28 ~~The Department of Health shall utilize a portion of the fund~~  
29 ~~to provide grants to assist persons medically diagnosed as~~  
30 ~~suffering from an occupational respiratory disease or their~~

1 ~~survivors, but who have been denied a claim for benefits under~~  
2 ~~the Black Lung Benefits Act (Public Law 91-173, 30 U.S.C. § 901~~  
3 ~~et seq.), the act of June 2, 1915 (P.L. 736, No. 338), known as~~  
4 ~~the Workers' Compensation Act and the Social Security Act (49~~  
5 ~~Stat. 620, 42 U.S.C. § 301 et seq.), at least, in part, because~~  
6 ~~the condition was also determined to have been the result of~~  
7 ~~smoking.~~

8 ~~Section 2704.—Eligibility.~~

9 ~~An individual with occupational respiratory disease or his~~  
10 ~~survivor shall be eligible for a grant if the individual:~~

11 ~~(1) has been medically diagnosed as suffering from an~~  
12 ~~occupational respiratory disease as a result of prolonged~~  
13 ~~occupational exposure to coal dust or other harmful airborne~~  
14 ~~particles; and~~

15 ~~(2) was denied a claim for benefits under the Black Lung~~  
16 ~~Benefits Act (Public Law 91-173, 30 U.S.C. § 901 et seq.),~~  
17 ~~the act of June 2, 1915 (P.L. 736, No. 338), known as the~~  
18 ~~Workers' Compensation Act and the Social Security Act (49~~  
19 ~~Stat. 620, 42 U.S.C. § 301 et seq.), at least, in part,~~  
20 ~~because his condition was also determined to have been the~~  
21 ~~result of smoking.~~

22 ~~Section 2705.—Occupational Respiratory Disease Interim Coverage~~  
23 ~~Fund.~~

24 ~~The Occupational Respiratory Disease Interim Coverage Fund is~~  
25 ~~hereby established as a separate fund in the State Treasury. The~~  
26 ~~moneys of the fund are appropriated on a continuing basis to~~  
27 ~~carry out the provisions of this chapter.~~

28 ~~Section 2706.—Regulations.~~

29 ~~The Department of Health shall administer this chapter and~~  
30 ~~shall promulgate rules, regulations and standards for its proper~~

1 ~~enforcement and administration.~~

2 ~~CHAPTER 29~~

3 ~~PHARMACEUTICAL ASSISTANCE~~

4 ~~Section 2901. Scope of chapter.~~

5 ~~This chapter deals with pharmaceutical grants to Medicare~~  
6 ~~beneficiaries who are not eligible for PACE or PACENET.~~

7 ~~Section 2902. Payment of pharmaceutical grants to assist~~  
8 ~~Medicare beneficiaries not eligible for PACE and~~  
9 ~~PACENET.~~

10 ~~The Department of Health shall utilize a portion of the~~  
11 ~~Tobacco Settlement Fund to provide grants to assist pharmacies~~  
12 ~~and pharmacists to charge Medicare beneficiaries within 300% of~~  
13 ~~the poverty level not eligible for the PACE program or PACENET~~  
14 ~~program a price that does not exceed the Commonwealth's PACE~~  
15 ~~program payment rate for prescription medicines, a copayment and~~  
16 ~~an amount, as set by the Commonwealth, to cover electronic~~  
17 ~~transmission charges.~~

18 ~~Section 2903. Regulations.~~

19 ~~The Department of Health shall promulgate rules and~~  
20 ~~regulations for the proper administration of the grant program~~  
21 ~~as well as be responsible for the development of grant~~  
22 ~~applications and standards for pharmacist and pharmacy~~  
23 ~~participation in the program.~~

24 ~~CHAPTER 31~~

25 ~~PENNSYLVANIA HEALTH CENTER INVESTMENT PLAN~~

26 ~~Section 3101. Scope of chapter.~~

27 ~~This chapter deals with the establishment of the community-~~  
28 ~~coordinated care program and authorizing grants to certain~~  
29 ~~community based health care provider organizations, establishing~~  
30 ~~the Pennsylvania Patient SafetyNet Care Network Program, which~~

1 ~~will authorize the reimbursement of certain providers and will~~  
2 ~~make appropriations deemed necessary for the implementation of~~  
3 ~~this chapter.~~

4 ~~Section 3102. Definitions.~~

5 ~~The following words and phrases when used in this chapter~~  
6 ~~shall have the meanings given to them in this section unless the~~  
7 ~~context clearly indicates otherwise:~~

8 ~~"Community based health improvement partnership."—A~~  
9 ~~collaboration between the Department of Health and local,~~  
10 ~~municipal, public, private and voluntary organizations, agencies~~  
11 ~~and individuals to improve the health status of local~~  
12 ~~communities or regions through the development of programs to~~  
13 ~~address priority health needs within the community or region, or~~  
14 ~~as otherwise defined in the Department of Health State Health~~  
15 ~~Center Improvement Plan.~~

16 ~~"Federally qualified health center."—A Pennsylvania~~  
17 ~~nonprofit corporation which meets all the requirements of and~~  
18 ~~has been granted funds under section 329, 330, 340 or 340A of~~  
19 ~~the Public Health Service Act (58 Stat. 682, 42 U.S.C. §§ 254b,~~  
20 ~~254c, 256 and 256a), or an entity which otherwise meets all of~~  
21 ~~the requirements for receiving a grant under section 329, 330,~~  
22 ~~340 or 340A of the Public Health Service Act, as determined by~~  
23 ~~the Secretary of the United States Department of Health and~~  
24 ~~Human Services, or does not currently meet all of such~~  
25 ~~requirements, but receives a temporary waiver from the Secretary~~  
26 ~~of the United States Department of Health and Human Services~~  
27 ~~allowing the entity to act as a federally qualified health~~  
28 ~~center on an interim basis, meets all applicable requirements~~  
29 ~~for participation in the medical assistance program as set forth~~  
30 ~~in 55 Pa. Code Chs. 1101 and 1129, and otherwise meets all~~

1 ~~licensure and certification standards established under~~  
2 ~~Pennsylvania law for providers of health services.~~

3 ~~"Independent rural health clinic."—An entity which meets the~~  
4 ~~requirements for participation in the medical assistance program~~  
5 ~~as set forth at 42 C.F.R. § 481.1 and is not part of a hospital,~~  
6 ~~skilled nursing facility or home health agency, as otherwise~~  
7 ~~defined at 55 Pa. Code § 1129.2.~~

8 ~~"Integrated delivery system."—A group of federally qualified~~  
9 ~~health centers or independent rural health clinics horizontally~~  
10 ~~organized to improve access to care for the uninsured, to~~  
11 ~~improve the quality of care for the uninsured and to achieve~~  
12 ~~cost effectiveness through practices which integrate services~~  
13 ~~and optimize patient outcomes.~~

14 ~~"Master Settlement Agreement."—The Master Settlement~~  
15 ~~Agreement and related documents entered into on November 23,~~  
16 ~~1998, by the Commonwealth and leading United States tobacco~~  
17 ~~product manufacturers and approved by the court in Commonwealth~~  
18 ~~v. Philip Morris, April Term 1997, No. 2443 (C.P. Philadelphia~~  
19 ~~County), on January 13, 1999.~~

20 ~~Section 3103.—Community Coordinated Care Program.~~

21 ~~(a) Establishment.—There is hereby established the~~  
22 ~~Community Coordinated Care Program of the Pennsylvania Health~~  
23 ~~Center to improve the quality of care, track and measure~~  
24 ~~outcomes and contain the overall costs by providing outreach and~~  
25 ~~care management opportunities to eligible uninsured~~  
26 ~~Pennsylvanians. The program shall be administered by the~~  
27 ~~Department of Health with the advice of the Insurance~~  
28 ~~Department, the Department of Public Welfare and the Department~~  
29 ~~of Aging and shall be funded as provided for in this chapter.~~

30 ~~(b) Purpose.—The purpose of the program established in~~

1 ~~subsection (a) shall be to support community based health care~~  
2 ~~collaborative in this Commonwealth in locating, assessing and~~  
3 ~~managing the care for eligible uninsured Pennsylvanians who~~  
4 ~~suffer from chronic diseases that are related to tobacco use and~~  
5 ~~to improve the delivery of preventative, curative and palliative~~  
6 ~~care to these individuals. Grants made under this program shall~~  
7 ~~be used for all of the following purposes:~~

8 ~~(1) To identify and assess the general health status of~~  
9 ~~eligible uninsured individuals with or at risk for chronic~~  
10 ~~diseases and to provide enrollment assistance to available~~  
11 ~~health benefit insurance programs.~~

12 ~~(2) To provide case management services to eligible~~  
13 ~~uninsured individuals to improve their physical health,~~  
14 ~~behavioral health and social condition and to reduce medical~~  
15 ~~complications.~~

16 ~~(3) To refer and coordinate care for individuals that~~  
17 ~~require additional health care services through assessment,~~  
18 ~~particularly as to diseases which are related to tobacco use.~~

19 ~~(4) To reduce the inappropriate use of hospital~~  
20 ~~emergency departments and hospital inpatient stays by persons~~  
21 ~~who are chronically ill.~~

22 ~~(5) To educate patients, providers, caregivers and the~~  
23 ~~community on the coordinated management of chronic diseases.~~

24 ~~(6) To improve the delivery of preventive, curative and~~  
25 ~~palliative care to individuals through proactive coordination~~  
26 ~~of community based care.~~

27 ~~(7) To develop additional regional, nonprofit,~~  
28 ~~community based integrated delivery systems capable of~~  
29 ~~carrying out the purposes and goals specified in this~~  
30 ~~subsection.~~

1       ~~(c) Eligibility for grants.— Any Pennsylvania nonprofit~~  
2 ~~community based health care provider organization, including,~~  
3 ~~but not limited to, an integrated delivery system capable of~~  
4 ~~fulfilling the purposes of this section, or any community based~~  
5 ~~health improvement partnership recognized by the Department of~~  
6 ~~Health, or a health care provider approved by the Department of~~  
7 ~~Public Welfare to participate in the medical assistance program~~  
8 ~~shall be eligible to apply for grants under this section.~~

9       ~~(d) Application.— Any eligible applicant must demonstrate to~~  
10 ~~the Department of Health its ability to carry out the provisions~~  
11 ~~of this section and, in terms of fulfilling the purpose of~~  
12 ~~subsection (b)(3), shall provide matching funds or contribute~~  
13 ~~in kind services as to such purpose equal to at least 25% of the~~  
14 ~~amount of the grant.~~

15       ~~(e) Report.— An applicant receiving a grant under this~~  
16 ~~section shall report at least regularly, but no less than~~  
17 ~~annually, to the Department of Health as specified by the~~  
18 ~~department and to the General Assembly on the progress of its~~  
19 ~~efforts to improve the management of care to uninsured persons~~  
20 ~~suffering from chronic diseases related to tobacco use, the~~  
21 ~~reduction of unnecessary and redundant health care services to~~  
22 ~~such persons and the positive outcomes in terms of the overall~~  
23 ~~health and use of available services by such persons.~~

24 ~~Section 3104.— Pennsylvania Patient SafetyNet Care Network~~  
25 ~~Program.~~

26       ~~(a) Establishment— There is hereby established the SafetyNet~~  
27 ~~Care Network Program of the Pennsylvania Health Center~~  
28 ~~Investment Plan to improve the quality of care and contain~~  
29 ~~overall costs by providing necessary care to uninsured~~  
30 ~~Pennsylvanians. The network program shall be administered by the~~

1 ~~Department of Health with the advice of the Insurance~~  
2 ~~Department, the Department of Public Welfare and the Department~~  
3 ~~of Aging and funded as provided for in this chapter.~~

4 ~~(b) Purpose.—~~

5 ~~(1) The purpose of the program established in subsection~~  
6 ~~(a) shall be to support and expand the availability and use~~  
7 ~~of preventive, curative and palliative health care by~~  
8 ~~eligible uninsured Pennsylvanians through the appropriate~~  
9 ~~reimbursement of the reasonable costs of such services to~~  
10 ~~qualified community based providers and networks providing~~  
11 ~~care to uninsured Pennsylvanians needing such care. Such~~  
12 ~~providers and networks shall include federally qualified~~  
13 ~~health centers, independent rural health clinics and~~  
14 ~~community based health improvement partnerships.~~

15 ~~(2) Such provisions or networks shall increase access to~~  
16 ~~and the appropriate use of medical, dental, social and~~  
17 ~~behavioral health services to uninsured persons at existing~~  
18 ~~primary health care clinics and other sites, to reduce~~  
19 ~~inappropriate use of hospital emergency rooms and to~~  
20 ~~stabilize the appropriate delivery of health care services to~~  
21 ~~Pennsylvanians who lack insurance and otherwise have no~~  
22 ~~access to such services.~~

23 ~~(c) Eligibility for network services.— All eligible adult~~  
24 ~~Pennsylvanians whose income does not exceed 200% of the Federal~~  
25 ~~poverty level and who are otherwise not eligible for any public~~  
26 ~~or private health benefits program and who have no other health~~  
27 ~~benefits or insurance shall be eligible for network services.~~  
28 ~~Eligibility shall be determined by each participating federally~~  
29 ~~qualified health center or independent rural health clinic~~  
30 ~~through an individual application process by each such provider~~

1 ~~which eligibility shall be verified by an annual audit review of~~  
2 ~~each provider subject to appropriate oversight and verification~~  
3 ~~by the Department of Health.~~

4 ~~(d) Qualifications as network provider. Any federally~~  
5 ~~qualified health center, independent rural health center or~~  
6 ~~nonprofit community based integrated delivery system or other~~  
7 ~~qualified nonprofit community based provider organization~~  
8 ~~approved by the Department of Public Welfare to participate in~~  
9 ~~the medical assistance program or otherwise approved by the~~  
10 ~~Department of Health shall be eligible to participate as a~~  
11 ~~network provider.~~

12 ~~(e) Reimbursement. All network providers shall be~~  
13 ~~reimbursed for their reasonable costs of providing primary care,~~  
14 ~~specialty dental, pharmacy, vision and related social and~~  
15 ~~behavioral health services otherwise provided to eligible~~  
16 ~~recipients of the medical assistance program on the same basis~~  
17 ~~that such providers are reimbursed for such services by the~~  
18 ~~medical assistance program, as such reasonable allowable costs~~  
19 ~~are defined by Federal regulations at 42 C.F.R. § 413, the~~  
20 ~~Medicare Reimbursement Manual (HCFA 15-1), and as otherwise set~~  
21 ~~forth in guidelines promulgated by the Department of Public~~  
22 ~~Welfare for federally qualified health centers on July 1, 1998.~~

23 ~~(f) Reports. Each provider or network organization~~  
24 ~~receiving reimbursement under this section shall file annual~~  
25 ~~cost reports as to such reimbursement in the same form as the~~  
26 ~~annual cost reports to the medical assistance program to the~~  
27 ~~Department of Health as to costs of services provided and~~  
28 ~~further demonstrate appropriate outcomes as to the improved~~  
29 ~~health status of eligible Pennsylvanians as a result of this~~  
30 ~~program in such format and with such frequency as the Department~~

1 ~~of Health shall require.~~

2 ~~Section 3105.— Allocations.~~

3 ~~The following sums are hereby allocated from the~~  
4 ~~appropriation for the Pennsylvania Health Center Investment Plan~~  
5 ~~under section 5102 as follows:~~

6 ~~(1) The sum of \$2,100,000 for the purposes set forth in~~  
7 ~~section 3103(b)(1) through (6).~~

8 ~~(2) The sum of \$2,100,000 for the purposes set forth in~~  
9 ~~section 3103(b)(7).~~

10 ~~(3) The sum of \$8,424,000 for the purposes set forth in~~  
11 ~~section 3104.~~

12 ~~CHAPTER 33~~

13 ~~MENTAL HEALTH AND MENTAL RETARDATION~~

14 ~~DIRECT CARE WORKER SALARY~~

15 ~~Section 3301.— Scope of chapter.~~

16 ~~This chapter deals with the salaries of direct care staff who~~  
17 ~~work with individuals diagnosed with mental disabilities in~~  
18 ~~public funded community based mental health and mental~~  
19 ~~retardation programs.~~

20 ~~Section 3302.— Definitions.~~

21 ~~The following words and phrases when used in this chapter~~  
22 ~~shall have the meanings given to them in this section unless the~~  
23 ~~context clearly indicates otherwise:~~

24 ~~"Department."— The Department of Public Welfare of the~~  
25 ~~Commonwealth.~~

26 ~~"Direct care services."— Services provided directly to~~  
27 ~~persons with mental disabilities in a residential or~~  
28 ~~nonresidential setting that include, but are not limited to,~~  
29 ~~activities of daily living, prevocational and vocational~~  
30 ~~training and rehabilitation, social rehabilitation, individual~~

1 ~~and family support services, family living services, residential~~  
2 ~~treatment and rehabilitation and adult day services.~~

3 ~~"Direct care worker." A worker that provides direct care~~  
4 ~~services to persons with mental disabilities in a public funded~~  
5 ~~community based residential or nonresidential mental health or~~  
6 ~~mental retardation program. This includes supervisory personnel~~  
7 ~~who spend at least 50% of their work hours in providing direct~~  
8 ~~care services for persons with mental disabilities.~~

9 ~~"Provider." A county mental health/mental retardation office~~  
10 ~~or an agency that contracts with a county mental health/mental~~  
11 ~~retardation office to provide direct care residential and/or~~  
12 ~~nonresidential community based services to persons with mental~~  
13 ~~disabilities.~~

14 ~~Section 3303. Mental health and mental retardation direct care~~  
15 ~~worker salary.~~

16 ~~Appropriations from the fund to the department for mental~~  
17 ~~health and mental retardation residential and nonresidential~~  
18 ~~community based programs shall be used to pay workers who~~  
19 ~~provide direct care to persons with mental disabilities~~  
20 ~~receiving services from these programs.~~

21 ~~(1) The department shall create a separate funding~~  
22 ~~source where counties will have the means to fund salaries~~  
23 ~~for direct care workers as agreed on in contracts negotiated~~  
24 ~~with providers of public funded community based services for~~  
25 ~~persons with mental disabilities.~~

26 ~~(2) The department shall draw down Federal funds through~~  
27 ~~Medicaid Waiver programs applicable to services for persons~~  
28 ~~with mental retardation.~~

29 ~~(3) The appropriated funds are not to be extended for~~  
30 ~~the salaries of executive or upper level supervisory staff~~

1 ~~that spend less than 50% of their work hours providing direct~~  
2 ~~care services.~~

3 CHAPTER 35

4 PRESUMPTIVE ELIGIBILITY FOR CHILDREN'S

5 HEALTH CARE SERVICES

6 Section 3501. ~~Scope of chapter.~~

7 ~~This chapter deals with presumptive eligibility for free or~~  
8 ~~subsidized children's health care services.~~

9 Section 3502. ~~Presumptive eligibility.~~

10 ~~(a) General rule. Notwithstanding any inconsistent~~  
11 ~~provision of law to the contrary and subject to the availability~~  
12 ~~of Federal financial participation under Title XIX of the Social~~  
13 ~~Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.), a child~~  
14 ~~shall be presumed eligible for payments under Article XXIII of~~  
15 ~~the act of May 17, 1921 (P.L. 682, No. 284), known as The~~  
16 ~~Insurance Company Law of 1921, once during a 12 month period,~~  
17 ~~beginning on the first day of the enrollment period following~~  
18 ~~the date that a contractor determines, on the basis of~~  
19 ~~preliminary information, that a child is eligible for free or~~  
20 ~~subsidized health care insurance under section 2311 of The~~  
21 ~~Insurance Company Law of 1921. The presumptive eligibility~~  
22 ~~period shall continue until the earlier date an eligibility~~  
23 ~~determination is made pursuant to Article XXIII of The Insurance~~  
24 ~~Company Law of 1921, the child is found eligible for medical~~  
25 ~~assistance, or 60 days after the date of presumptive eligibility~~  
26 ~~begins. However, a presumptive eligibility period may be~~  
27 ~~extended in the event a determination of eligibility for~~  
28 ~~benefits under Article XXIII of The Insurance Company Law of~~  
29 ~~1921 or for medical assistance is not made within the 60 day~~  
30 ~~period through no fault of the applicant.~~



~~1 this Commonwealth which provides fire protection services.  
2 Emergency services provided by a municipal fire and emergency  
3 services organization may include ambulance and rescue services.~~

~~4 Section 3703. Municipal Fire and Emergency Services  
5 Organization Grant Program.~~

~~6 (a) Program established. There is established in the  
7 department the Municipal Fire and Emergency Services  
8 Organization Grant Program, which shall be administered by the  
9 department. Grants provided under this program shall be used for  
10 the following purposes:~~

~~11 (1) To establish recruitment, retention incentive  
12 programs and training programs for the municipal fire and  
13 emergency services organizations membership.~~

~~14 (2) To purchase and maintain modern firefighting and  
15 fire protection equipment or emergency services equipment,  
16 not to include the purchase or maintenance of vehicles or  
17 apparatus.~~

~~18 (b) Guidelines and procedures. The department, in  
19 consultation with the Fire Safety Advisory Council, as defined  
20 under the act of November 13, 1995 (P.L.604, No.61), known as  
21 the State Fire Commissioner Act, shall develop guidelines and  
22 procedures to implement the grant program.~~

~~23 Section 3704. Grants.~~

~~24 (a) Authorization. The department is hereby authorized to  
25 make grants to eligible municipal fire and emergency services  
26 organizations, based on preestablished eligibility criteria  
27 developed by the department and the Fire Safety Advisory  
28 Council.~~

~~29 (b) Limits. Grants shall be limited to no more than \$25,000  
30 per municipal fire and emergency services organization in any~~

1 ~~one fiscal year.~~

2 ~~(c) Restrictions. Eligible fire and emergency services~~  
3 ~~organizations shall only spend grant funds for the purposes~~  
4 ~~requested in their grant application. Municipal fire and~~  
5 ~~emergency services organizations must provide proof of these~~  
6 ~~bona fide expenditures to the department within 180 days of~~  
7 ~~receiving funds under this grant program and prior to any~~  
8 ~~subsequent applications for future grants.~~

9 CHAPTER 51

10 MISCELLANEOUS PROVISIONS

11 Section 5101. ~~Health care services.~~

12 ~~An individual receiving free or subsidized health care~~  
13 ~~services under Article XXIII of the act of May 17, 1921~~  
14 ~~(P.L.682, No.284), known as The Insurance Company Law of 1921,~~  
15 ~~on the date of the individual's 18th birthday shall continue to~~  
16 ~~be eligible for free or subsidized health care services under~~  
17 ~~that act until such time as the individual reaches his 22nd~~  
18 ~~birthday if all of the following apply:~~

19 ~~(1) The individual is otherwise eligible under Article~~  
20 ~~XXIII of The Insurance Company Law of 1921 for free or~~  
21 ~~subsidized health care services.~~

22 ~~(2) The individual has a serious life threatening~~  
23 ~~illness or a disability.~~

24 ~~(3) The individual is not eligible for or receiving~~  
25 ~~Medicaid, Medicare or Social Security disability benefits.~~

26 Section 5102. ~~Appropriations for 2001-2002.~~

27 ~~The following sums, or as much thereof as may be necessary,~~  
28 ~~are hereby specifically appropriated from the Tobacco Settlement~~  
29 ~~Fund for the fiscal year 2001-2002:~~

30 ~~(1) Governor. The following~~

1 ~~amounts are appropriated to the~~  
2 ~~Governor: \_\_\_\_\_ Federal \_\_\_\_\_ State~~

3 ~~For the Pennsylvania Biomedical~~  
4 ~~Research Authority.~~  
5 ~~State appropriation..... 87,487,000~~

6 ~~(2) Department of Aging. The~~  
7 ~~following amounts are appropriated to~~  
8 ~~the Department of Aging: \_\_\_\_\_ Federal \_\_\_\_\_ State~~

9 ~~For the home and community based~~  
10 ~~services:~~  
11 ~~State appropriation..... 8,567,000~~

12 ~~The following Federal amounts are~~  
13 ~~appropriated to supplement the sum~~  
14 ~~appropriated for home and community-~~  
15 ~~based services and support:~~  
16 ~~"Medical Assistance Home and~~  
17 ~~Community Based Care."~~

18 ~~Federal appropriation..... 17,243,000 \_\_\_\_\_~~

19 ~~For transfer to the PACE Fund for~~  
20 ~~expansion of the PACENET program.~~  
21 ~~State appropriation..... 27,754,000~~

22 ~~For the Pennsylvania Extraordinary~~  
23 ~~Prescription Plan Program.~~  
24 ~~State appropriation..... 83,987,000~~

25 ~~(3) Department of Community and~~  
26 ~~Economic Development. The following~~  
27 ~~amounts are appropriated to the~~  
28 ~~Department of Community and Economic~~  
29 ~~Development: \_\_\_\_\_ Federal \_\_\_\_\_ State~~

30 ~~For the Institute for Biomedical~~

~~1 Research and Technology and Regional~~  
~~2 Centers for Biomedical Research and~~  
~~3 Technology Innovation.~~  
~~4 For Volunteer Fire and Emergency~~  
~~5 Services Organization Grant Program.~~  
~~6 State appropriation.....~~ ~~58,324,000~~  
~~7 For Municipal Fire and Emergency~~  
~~8 Services Organization Grant Program.~~  
~~9 State appropriation.....~~ ~~58,324,000~~  
~~10 (4) Department of Health. The~~  
~~11 following amounts are appropriated to~~  
~~12 the Department of Health:-----~~ ~~Federal-----~~ ~~State~~  
~~13 For health and related research.~~  
~~14 State appropriation.....~~ ~~81,048,000~~  
~~15 For rural research initiative.~~  
~~16 State appropriation.....~~ ~~2,041,000~~  
~~17 For medical research improvement~~  
~~18 grants.~~  
~~19 State appropriation.....~~ ~~29,162,000~~  
~~20 For tobacco use prevention and~~  
~~21 cessation programs.~~  
~~22 State appropriation.....~~ ~~38,242,000~~  
~~23 For Pennsylvania Health Center~~  
~~24 Investment Plan.~~  
~~25 State appropriation.....~~ ~~12,624,000~~  
~~26 For minority health programs. No~~  
~~27 more than \$250,000 of this~~  
~~28 appropriation may be used for~~  
~~29 administrative costs of the~~  
~~30 department.~~

1	State appropriation.....	1,166,000
2	For Type 1 diabetes research	
3	grants.	
4	State appropriation.....	6,999,000
5	For grants to Type 1 diabetics.	
6	State appropriation.....	1,750,000
7	For pharmaceutical grants to	
8	Medicare beneficiaries not eligible	
9	for PACE and PACENET as authorized by	
10	this act.	
11	State appropriation.....	2,916,000
12	For a Catastrophic Illness in	
13	Children Relief Program.	
14	State appropriation.....	2,916,000
15	(5) Insurance Department. The	
16	following amounts are appropriated to	
17	the Insurance Department: _____	Federal _____ State
18	For the Adult Basic Coverage	
19	Insurance program.	
20	State appropriation.....	81,183,000
21	For health care for parents under	
22	the Children's Health Care Program.	
23	State appropriation.....	11,665,000
24	For transfer to the Occupational	
25	Respiratory Disease Interim Coverage	
26	Fund.	
27	State appropriation.....	2,333,000
28	For the extension of benefits for	
29	health care services under section	
30	5101.	

1 State appropriation..... 2,916,000

2 For transfer to the Children's  
3 Health Fund for expansion of the  
4 program of free and subsidized health  
5 care services for children, including  
6 the presumptive eligibility for  
7 children's health care services  
8 program component.

9 State appropriation..... 1,166,000

10 (6) Department of Public  
11 Welfare. The following amounts are  
12 appropriated to the Department of

13 Public Welfare: \_\_\_\_\_ Federal \_\_\_\_\_ State

14 For medical coverage for workers  
15 with disabilities.

16 State appropriation..... 14,469,000

17 The following Federal amounts are  
18 appropriated to supplement the sum  
19 appropriated for home and community  
20 medical coverage for workers with  
21 disabilities:

22 "Medical Assistance — Medical  
23 Coverage for Workers with  
24 Disabilities."

25 Federal appropriation..... 29,121,000 \_\_\_\_\_

26 For hospital uncompensated care.

27 State appropriation..... 13,205,000

28 The following Federal amounts are  
29 appropriated to supplement the sum  
30 appropriated for hospital

1 ~~uncompensated care:~~

2 ~~"Medical Assistance—Uncompensated~~  
3 ~~Care."~~

4 ~~Federal appropriation..... 26,175,000~~\_\_\_\_\_

5 ~~For reimbursement of hospital~~  
6 ~~extraordinary expense program.~~

7 ~~State appropriation..... 5,832,000~~

8 ~~The following Federal amounts are~~  
9 ~~appropriated to supplement the sum~~  
10 ~~appropriated for hospital~~  
11 ~~extraordinary expense program.~~

12 ~~"Medical Assistance—Hospital~~  
13 ~~Extraordinary Expenses."~~

14 ~~Federal appropriation..... 11,561,000~~\_\_\_\_\_

15 ~~For home and community based~~  
16 ~~services.~~

17 ~~State appropriation..... 19,990,000~~

18 ~~The following Federal amounts are~~  
19 ~~appropriated to supplement the sum~~  
20 ~~appropriated for home and community~~  
21 ~~services:~~

22 ~~"Medical Assistance—Home and~~  
23 ~~Community Based Care."~~

24 ~~Federal appropriation..... 40,233,000~~\_\_\_\_\_

25 ~~For community mental health~~  
26 ~~services.~~

27 ~~State appropriation..... 3,084,000~~

28 ~~The following Federal amounts are~~  
29 ~~appropriated to supplement the sum~~  
30 ~~appropriated for community mental~~

1 ~~health services:~~

2 ~~"Community Mental Health Services."~~

3 ~~Federal appropriation..... 6,307,000~~

4 ~~For increased compensation of~~  
5 ~~mental health/mental retardation~~  
6 ~~direct care workers.~~

7 ~~State appropriation..... 28,472,000~~

8 ~~The following Federal amounts are~~  
9 ~~appropriated to supplement the sum~~  
10 ~~appropriated for mental retardation~~  
11 ~~direct care worker salaries.~~

12 ~~Federal appropriation..... 53,668,000~~

13 ~~(7) PHEAA. The following amounts~~  
14 ~~are appropriated to the Pennsylvania~~  
15 ~~Higher Education Assistance Agency:~~

~~Federal State~~

16 ~~For a medical school loan program~~  
17 ~~to benefit Pennsylvania residents~~  
18 ~~attending Pennsylvania medical schools~~  
19 ~~by creating a fund to ensure that~~  
20 ~~lenders will offer the lowest interest~~  
21 ~~rates and loan fees for private loans.~~

22 ~~State appropriation..... 2,333,000~~

23 ~~Section 5103. Repeals.~~

24 ~~(a) Absolute. The following acts or parts of acts are~~  
25 ~~repealed:~~

26 ~~Article XXIII of the act of May 17, 1921 (P.L.682,~~  
27 ~~No.284), known as The Insurance Company Law of 1921.~~

28 ~~(b) Inconsistent. The following acts or parts of acts are~~  
29 ~~repealed to the extent specified:~~

30 ~~The act of June 13, 1967 (P.L.31, No.21), known as the~~

1 ~~Public Welfare Code, is repealed insofar as it is~~  
2 ~~inconsistent with Chapter 16.~~

3 ~~Section 5104. Effective date.~~

4 ~~This act shall take effect as follows:~~

5 ~~(1) Chapters 3 and 8 and this section shall take effect~~  
6 ~~immediately.~~

7 ~~(2) The remainder of this act shall take effect July 1,~~  
8 ~~2001.~~

9 CHAPTER 1

<—

10 PRELIMINARY PROVISIONS

11 SECTION 101. SHORT TITLE.

12 THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE TOBACCO  
13 SETTLEMENT ACT.

14 CHAPTER 3

15 HEALTH INVESTMENT

16 SECTION 301. SCOPE.

17 THIS CHAPTER DEALS WITH HEALTH INVESTMENT.

18 SECTION 302. DEFINITIONS.

19 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
20 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
21 CONTEXT CLEARLY INDICATES OTHERWISE:

22 "ACCOUNTS." THE HEALTH ENDOWMENT ACCOUNT FOR LONG TERM HOPE  
23 ESTABLISHED IN SECTION 303(B) AND THE HEALTH VENTURE INVESTMENT  
24 ACCOUNT ESTABLISHED IN SECTION 303(C).

25 "BOARD." THE TOBACCO SETTLEMENT INVESTMENT BOARD ESTABLISHED  
26 IN SECTION 304(A).

27 "FUND." THE TOBACCO SETTLEMENT FUND ESTABLISHED IN SECTION  
28 303(A).

29 "HEALTH ACCOUNT." THE HEALTH ENDOWMENT ACCOUNT FOR LONG TERM  
30 HOPE ESTABLISHED IN SECTION 303(B).

1       ~~"HEALTH VENTURE INVESTMENT ACCOUNT." THE ACCOUNT ESTABLISHED~~  
2 ~~IN SECTION 303(C).~~

3       ~~"JURISDICTIONAL PAYMENT." A PAYMENT RECEIVED BY THE~~  
4 ~~COMMONWEALTH RESULTING FROM A COURT RETAINING JURISDICTION OVER~~  
5 ~~THE ESCROW AGREEMENT PURSUANT TO SECTION IX(B) OF THE MASTER~~  
6 ~~SETTLEMENT AGREEMENT.~~

7       ~~"MASTER SETTLEMENT AGREEMENT." THE SETTLEMENT AGREEMENT AND~~  
8 ~~RELATED DOCUMENTS ENTERED INTO ON NOVEMBER 23, 1998, BY THE~~  
9 ~~COMMONWEALTH AND LEADING UNITED STATES TOBACCO PRODUCT~~  
10 ~~MANUFACTURERS APPROVED BY THE COURT OF COMMON PLEAS,~~  
11 ~~PHILADELPHIA COUNTY, ON JANUARY 13, 1999.~~

12       ~~"STRATEGIC CONTRIBUTION PAYMENT." A PAYMENT RECEIVED BY THE~~  
13 ~~COMMONWEALTH PURSUANT TO SECTION IX(C)(2) OF THE MASTER~~  
14 ~~SETTLEMENT AGREEMENT.~~

15       ~~"TOBACCO SETTLEMENT FUND." THE TOBACCO SETTLEMENT FUND~~  
16 ~~ESTABLISHED IN SECTION 303(A).~~  
17 ~~SECTION 303. ESTABLISHMENT OF SPECIAL FUND AND ACCOUNT.~~

18       ~~(A) TOBACCO SETTLEMENT FUND. THERE IS HEREBY ESTABLISHED A~~  
19 ~~SPECIAL FUND KNOWN AS THE TOBACCO SETTLEMENT FUND. EXCEPT AS~~  
20 ~~PROVIDED IN SUBSECTION (B), ALL PAYMENTS RECEIVED BY THE~~  
21 ~~COMMONWEALTH PURSUANT TO THE MASTER SETTLEMENT AGREEMENT SHALL~~  
22 ~~BE DEPOSITED BY THE TREASURY DEPARTMENT IN THE FUND.~~

23       ~~(B) HEALTH ACCOUNT. THERE IS HEREBY ESTABLISHED WITHIN THE~~  
24 ~~FUND THE HEALTH ENDOWMENT ACCOUNT FOR LONG TERM HOPE. THE~~  
25 ~~FOLLOWING AMOUNTS SHALL BE DEPOSITED BY THE TREASURY DEPARTMENT~~  
26 ~~INTO THE ACCOUNT:~~

27             ~~(1) THE JURISDICTIONAL PAYMENT RECEIVED BY THE~~  
28 ~~COMMONWEALTH PURSUANT TO THE MASTER SETTLEMENT AGREEMENT.~~

29             ~~(2) THE STRATEGIC CONTRIBUTION PAYMENTS RECEIVED BY THE~~  
30 ~~COMMONWEALTH PURSUANT TO THE MASTER SETTLEMENT AGREEMENT.~~

1           ~~(3) TEN PERCENT OF ANY OTHER PAYMENT RECEIVED BY THE~~  
2           ~~COMMONWEALTH PURSUANT TO THE MASTER SETTLEMENT AGREEMENT.~~

3           ~~(4) EARNINGS DERIVED FROM THE INVESTMENT OF THE MONEY IN~~  
4           ~~THE FUND AFTER DEDUCTION OF INVESTMENT EXPENSES, INCLUDING~~  
5           ~~SUCH EARNINGS AS MAY HAVE ACCRUED PRIOR TO THE EFFECTIVE DATE~~  
6           ~~OF THIS CHAPTER.~~

7           ~~(5) EARNINGS DERIVED FROM THE INVESTMENT OF THE MONEY IN~~  
8           ~~THE HEALTH ACCOUNT AFTER DEDUCTION OF INVESTMENT EXPENSES AND~~  
9           ~~THE APPROVED EXPENSES OF THE BOARD.~~

10          ~~(6) MONEYS RECEIVED AS A RESULT OF INVESTMENTS FROM THE~~  
11          ~~HEALTH VENTURE INVESTMENT ACCOUNT.~~

12          ~~(7) MONEYS FROM AN APPROPRIATION, PURSUANT TO SECTION~~  
13          ~~306, WHICH LAPSE.~~

14          ~~(C) HEALTH VENTURE INVESTMENT ACCOUNT. THERE IS HEREBY~~  
15          ~~ESTABLISHED WITHIN THE FUND THE HEALTH VENTURE INVESTMENT~~  
16          ~~ACCOUNT.~~

17          ~~SECTION 304. TOBACCO SETTLEMENT INVESTMENT BOARD.~~

18          ~~(A) ESTABLISHMENT. THERE IS HEREBY ESTABLISHED THE TOBACCO~~  
19          ~~SETTLEMENT INVESTMENT BOARD, CONSISTING OF 11 MEMBERS AS~~  
20          ~~FOLLOWS: THE GOVERNOR OR A DESIGNEE; THE SECRETARY OF THE~~  
21          ~~BUDGET; THE STATE TREASURER OR A DESIGNEE; ONE MEMBER APPOINTED~~  
22          ~~BY THE PRESIDENT PRO TEMPORE OF THE SENATE AND ONE MEMBER~~  
23          ~~APPOINTED BY THE MINORITY LEADER OF THE SENATE; ONE MEMBER~~  
24          ~~APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND ONE~~  
25          ~~MEMBER APPOINTED BY THE MINORITY LEADER OF THE HOUSE OF~~  
26          ~~REPRESENTATIVES; THREE MEMBERS APPOINTED BY THE GOVERNOR; AND~~  
27          ~~ONE MEMBER APPOINTED BY THE STATE TREASURER. LEGISLATIVE~~  
28          ~~APPOINTMENTS SHALL SERVE AT THE PLEASURE OF THE APPOINTING~~  
29          ~~AUTHORITY. OTHER APPOINTED MEMBERS SHALL SERVE FOR A TERM OF~~  
30          ~~FOUR YEARS AND UNTIL A SUCCESSOR IS APPOINTED. MEMBERS OF THE~~

1 ~~BOARD SHALL SERVE WITHOUT COMPENSATION, BUT SHALL BE REIMBURSED~~  
2 ~~FOR ACTUAL AND REASONABLE EXPENSES INCURRED IN THE PERFORMANCE~~  
3 ~~OF THEIR OFFICIAL DUTIES. THE GOVERNOR SHALL SELECT ONE MEMBER~~  
4 ~~AS CHAIRPERSON, AND THE MEMBERS OF THE BOARD SHALL SELECT ONE~~  
5 ~~MEMBER AS SECRETARY.~~

6 ~~(B) PROFESSIONAL PERSONNEL. THE BOARD MAY EMPLOY INVESTMENT~~  
7 ~~ADVISORS, FUND MANAGERS AND STAFF AS THE BOARD DEEMS ADVISABLE.~~

8 ~~(C) EXPENSES. ALL APPROVED EXPENSES OF THE BOARD AND~~  
9 ~~RELATED PROFESSIONAL PERSONNEL EXPENSES SHALL BE PAID AND~~  
10 ~~DEDUCTED FROM INVESTMENT EARNINGS OF THE HEALTH ACCOUNT. THE~~  
11 ~~BOARD SHALL, THROUGH THE GOVERNOR, SUBMIT TO THE GENERAL~~  
12 ~~ASSEMBLY AN ANNUAL BUDGET COVERING ITS PROPOSED ADMINISTRATIVE~~  
13 ~~EXPENSES. CONCURRENTLY WITH ITS ANNUAL BUDGET REQUEST, THE BOARD~~  
14 ~~SHALL SUBMIT TO THE GENERAL ASSEMBLY A LIST OF PROPOSED~~  
15 ~~EXPENDITURES FOR THE PERIOD COVERED BY THE BUDGET REQUEST THAT~~  
16 ~~THE BOARD INTENDS TO PAY THROUGH THE USE OF DIRECTED~~  
17 ~~COMMISSIONS, TOGETHER WITH A LIST OF THE ACTUAL EXPENDITURES~~  
18 ~~FROM THE PREVIOUS YEAR ACTUALLY PAID BY THE BOARD THROUGH THE~~  
19 ~~USE OF DIRECTED COMMISSIONS. ALL SUCH DIRECTED COMMISSION~~  
20 ~~EXPENDITURES SHALL BE MADE BY THE BOARD FOR THE EXCLUSIVE~~  
21 ~~BENEFIT OF THE FUND AND THE HEALTH ACCOUNT.~~

22 ~~(D) RECORDS AND MEETINGS. THE BOARD SHALL KEEP A RECORD OF~~  
23 ~~ITS PROCEEDINGS, WHICH SHALL BE OPEN TO INSPECTION BY THE~~  
24 ~~PUBLIC. MEETINGS OF THE BOARD SHALL BE CONDUCTED UNDER 65~~  
25 ~~PA.C.S. CH 7 (RELATING TO OPEN MEETINGS).~~  
26 ~~SECTION 305. INVESTMENT OF FUND AND ACCOUNTS.~~

27 ~~(A) CONTROL AND MANAGEMENT. NOTWITHSTANDING ANY OTHER~~  
28 ~~PROVISION OF LAW, THE BOARD SHALL HAVE EXCLUSIVE CONTROL AND~~  
29 ~~AUTHORITY TO MANAGE, INVEST AND REINVEST MONEY IN THE FUND AND~~  
30 ~~THE HEALTH ACCOUNT IN ACCORDANCE WITH THIS SECTION, SUBJECT,~~

1 ~~HOWEVER, TO THE EXERCISE OF THAT DEGREE OF JUDGMENT, SKILL AND~~  
2 ~~CARE UNDER THE CIRCUMSTANCES THEN PREVAILING THAT PERSONS OF~~  
3 ~~PRUDENCE, DISCRETION AND INTELLIGENCE, WHO ARE FAMILIAR WITH~~  
4 ~~INVESTMENT MATTERS, EXERCISE IN THE MANAGEMENT OF THEIR OWN~~  
5 ~~AFFAIRS, NOT IN REGARD TO SPECULATION BUT IN REGARD TO PERMANENT~~  
6 ~~DISPOSITION OF THE FUNDS, CONSIDERING THE PROBABLE INCOME TO BE~~  
7 ~~DERIVED FROM THE INVESTMENTS AND THE PROBABLE SAFETY OF THEIR~~  
8 ~~CAPITAL. THE BOARD MAY HOLD, PURCHASE, SELL, LEND, ASSIGN,~~  
9 ~~TRANSFER OR DISPOSE OF ANY SECURITIES AND INVESTMENTS, INCLUDING~~  
10 ~~EQUITY SECURITIES, IN WHICH MONEY IN THE FUND OR THE ACCOUNTS~~  
11 ~~HAS BEEN INVESTED AND OF THE PROCEEDS OF THE INVESTMENTS,~~  
12 ~~INCLUDING ANY DIRECTED COMMISSIONS THAT HAVE ACCRUED TO THE~~  
13 ~~BENEFIT OF THE FUND OR THE ACCOUNTS AS A CONSEQUENCE OF THE~~  
14 ~~INVESTMENTS, AND OF MONEY BELONGING TO THE FUND OR THE ACCOUNTS~~  
15 ~~SUBJECT TO THE STANDARD OF PRUDENCE IN THIS SECTION.~~

16 ~~(B) FIDUCIARY STATUS OF BOARD. THE MEMBERS OF THE BOARD AND~~  
17 ~~THEIR PROFESSIONAL PERSONNEL SHALL STAND IN A FIDUCIARY~~  
18 ~~RELATIONSHIP TO THE COMMONWEALTH AND ITS CITIZENS REGARDING THE~~  
19 ~~INVESTMENTS OF THE MONEY OF THE FUND AND THE ACCOUNTS AND SHALL~~  
20 ~~NOT PROFIT, EITHER DIRECTLY OR INDIRECTLY, WITH RESPECT THERETO.~~

21 ~~(C) CUSTODIAN. THE STATE TREASURER SHALL BE THE CUSTODIAN~~  
22 ~~OF THE FUND AND THE ACCOUNTS. ALL INVESTMENT DRAWS FROM THE FUND~~  
23 ~~OR THE ACCOUNTS SHALL BE MADE BY THE STATE TREASURER IN~~  
24 ~~ACCORDANCE WITH REQUISITIONS SIGNED BY THE SECRETARY OF THE~~  
25 ~~BOARD AND RATIFIED BY RESOLUTION OF THE BOARD.~~

26 ~~(D) AUTHORIZED INVESTMENT VEHICLES FOR THE FUND AND THE~~  
27 ~~HEALTH ACCOUNT. THE BOARD MAY INVEST THE MONEY IN THE FUND AND~~  
28 ~~THE HEALTH ACCOUNT IN INVESTMENTS THAT MEET THE STANDARD OF~~  
29 ~~PRUDENCE SET FORTH IN SUBSECTION (A) BY ACQUIRING ANY TYPE OF~~  
30 ~~INTEREST IN A BUSINESS ORGANIZATION EXISTING UNDER THE LAWS OF~~

1 ~~ANY JURISDICTION. THE LIABILITY OF THE FUND OR THE HEALTH~~  
2 ~~ACCOUNT SHALL BE LIMITED TO THE AMOUNT OF THEIR INVESTMENT UNDER~~  
3 ~~THIS SUBSECTION.~~

4 ~~(E) ADDITIONAL AUTHORIZED INVESTMENT VEHICLES FOR THE HEALTH~~  
5 ~~ACCOUNT. THE BOARD IN ITS PRUDENT DISCRETION MAY INVEST THE~~  
6 ~~MONEY IN THE HEALTH ACCOUNT IN VENTURE CAPITAL INVESTMENTS,~~  
7 ~~PRIVATE PLACEMENT INVESTMENTS OR OTHER ALTERNATIVE INVESTMENTS~~  
8 ~~OF ANY KIND, STRUCTURE OR MANNER WHICH MEET THE STANDARD OF~~  
9 ~~PRUDENCE SET FORTH IN SUBSECTION (A). THE LIABILITY OF THE~~  
10 ~~HEALTH ACCOUNT SHALL BE LIMITED TO THE AMOUNT OF ITS INVESTMENT~~  
11 ~~UNDER THIS SUBSECTION.~~

12 ~~(F) AUTHORIZED INVESTMENT VEHICLES FOR THE HEALTH VENTURE~~  
13 ~~INVESTMENT ACCOUNT. THE BOARD MAY INVEST THE MONEY IN THE~~  
14 ~~HEALTH VENTURE INVESTMENT ACCOUNT IN INVESTMENTS WHICH MEET THE~~  
15 ~~STANDARD OF PRUDENCE SET FORTH IN SUBSECTION (A) BY BECOMING A~~  
16 ~~LIMITED PARTNER IN PARTNERSHIPS THAT MAKE VENTURE CAPITAL~~  
17 ~~INVESTMENTS BY ACQUIRING EQUITY INTERESTS OR A COMBINATION OF~~  
18 ~~DEBT AND EQUITY INTERESTS IN HEALTH CARE, BIOTECHNOLOGY OR ANY~~  
19 ~~OTHER HEALTH RELATED BUSINESSES THAT ARE EXPECTED TO GROW~~  
20 ~~SUBSTANTIALLY IN THE FUTURE AND IN WHICH THE EXPECTED RETURNS ON~~  
21 ~~INVESTMENT ARE TO COME PREDOMINANTLY FROM INCREASES IN VALUE OF~~  
22 ~~THE EQUITY INTERESTS AND ARE NOT INTERESTS IN OR SECURED BY REAL~~  
23 ~~ESTATE. THE BOARD MAY INVEST IN ONE OR MORE LIMITED PARTNERSHIPS~~  
24 ~~OR COMPARABLE INVESTMENT ENTITIES PROVIDED THAT THE INVESTMENT~~  
25 ~~GUIDELINES AND STRATEGIES OF EACH INVESTMENT ENTITY REQUIRE THAT~~  
26 ~~AT LEAST 70% OF THE INVESTMENTS WILL BE MADE IN COMPANIES~~  
27 ~~LOCATED PRIMARILY IN PENNSYLVANIA OR IN COMPANIES WILLING TO~~  
28 ~~RELOCATE SIGNIFICANT BUSINESS OPERATIONS TO PENNSYLVANIA. THE~~  
29 ~~LIABILITY OF THE FUND OR THE HEALTH VENTURE INVESTMENT ACCOUNT~~  
30 ~~SHALL BE LIMITED TO THE AMOUNT OF ITS INVESTMENT UNDER THIS~~

1 SECTION.

2 ~~(G) REQUIREMENTS FOR VENTURE CAPITAL INVESTMENTS. THE~~  
3 ~~FOLLOWING ARE THE REQUIREMENTS TO PARTICIPATE IN A VENTURE~~  
4 ~~CAPITAL INVESTMENT PROGRAM UNDERTAKEN BY THE BOARD UNDER~~  
5 ~~SUBSECTION (D) OR (F):~~

6 ~~(1) EACH GENERAL PARTNER MUST:~~

7 ~~(I) CONTRIBUTE 2% OF THE AGGREGATE COMMITTEE CAPITAL~~  
8 ~~AS A GENERAL PARTNER; AND~~

9 ~~(II) SUBORDINATE 5% OF THE BOARD'S CONTRIBUTION IN~~  
10 ~~TERMS OF THE DISTRIBUTION SCHEDULE, PUTTING THE GENERAL~~  
11 ~~PARTNER IN A FIRST LOSS POSITION WITH RESPECT TO THE~~  
12 ~~BOARD.~~

13 ~~(2) THE PARTNERSHIP MUST PROVIDE A PREFERRED RETURN OF~~  
14 ~~NO LESS THAN 5% TO ALL LIMITED PARTNERS.~~

15 ~~(3) THE PARTNERSHIP MUST AGREE TO OPERATE UNDER A~~  
16 ~~PRUDENT EXPERT STANDARD OF CARE.~~

17 ~~(4) THE BOARD MUST BE GIVEN A SEAT ON ANY LIMITED~~  
18 ~~PARTNER ADVISORY/VALUATION COMMITTEE.~~

19 ~~(5) THE BOARD MUST BE REIMBURSED FOR EXPENSES FOR~~  
20 ~~ATTENDING LIMITED PARTNER ADVISORY/VALUATION COMMITTEE~~  
21 ~~MEETINGS AND PARTNERSHIP ANNUAL MEETINGS.~~

22 ~~(6) THE PARTNERSHIP MUST ISSUE TO THE BOARD AUDITED~~  
23 ~~FINANCIAL STATEMENTS ON THE BASIS OF GENERALLY ACCEPTED~~  
24 ~~ACCOUNTING PRINCIPLES.~~

25 ~~(H) LEGISLATIVE DECLARATION. THE GENERAL ASSEMBLY FINDS AND~~  
26 ~~DECLARES THAT AUTHORIZED INVESTMENTS OF THE FUND OR THE ACCOUNTS~~  
27 ~~MADE BY OR ON BEHALF OF THE BOARD UNDER THIS SECTION, WHEREBY~~  
28 ~~THE BOARD BECOMES A JOINT OWNER, LIMITED PARTNER OR STOCKHOLDER~~  
29 ~~IN A COMPANY, CORPORATION, LIMITED PARTNERSHIP, ASSOCIATION OR~~  
30 ~~OTHER LAWFUL BUSINESS ORGANIZATION, ARE OUTSIDE THE SCOPE OF THE~~

1 ORIGINAL INTENT OF, AND DO NOT VIOLATE, THE PROHIBITION SET  
2 FORTH IN SECTION 8 OF ARTICLE VIII OF THE CONSTITUTION OF  
3 PENNSYLVANIA.

4 SECTION 306. USE OF TOBACCO SETTLEMENT FUND.

5 THE GOVERNOR SHALL INCLUDE A SPENDING PLAN FOR THE FUND IN  
6 THE ANNUAL BUDGET. THE GENERAL ASSEMBLY SHALL APPROPRIATE THE  
7 FUND FOR HEALTH RELATED PURPOSES IN ACCORDANCE WITH THIS ACT.

8 SECTION 307. USE OF HEALTH ACCOUNT.

9 WHENEVER THE GOVERNOR DETERMINES THAT MONEY FROM THE HEALTH  
10 ACCOUNT IS NECESSARY TO MEET THE EXTRAORDINARY OR EMERGENCY  
11 HEALTH CARE NEEDS OF THE CITIZENS OF THIS COMMONWEALTH, THE  
12 GOVERNOR SHALL PRESENT A DETAILED SPENDING PROPOSAL WITH A  
13 REQUEST FOR AN APPROPRIATION AND ANY NECESSARY LEGISLATION TO  
14 THE CHAIRMEN OF THE APPROPRIATIONS COMMITTEE OF THE SENATE AND  
15 THE CHAIRMEN OF THE APPROPRIATIONS COMMITTEE OF THE HOUSE OF  
16 REPRESENTATIVES. THE GENERAL ASSEMBLY MAY, THROUGH APPROVAL OF A  
17 SEPARATE APPROPRIATION BILL BY A VOTE OF TWO THIRDS OF THE  
18 MEMBERS ELECTED TO THE SENATE AND TO THE HOUSE OF  
19 REPRESENTATIVES, APPROPRIATE MONEY FROM THE HEALTH ACCOUNT TO  
20 MEET THE NEEDS IDENTIFIED IN THE GOVERNOR'S REQUEST. ANY MONEY  
21 APPROPRIATED UNDER THIS SECTION THAT LAPSES SHALL BE RETURNED TO  
22 THE HEALTH ACCOUNT.

23 SECTION 308. ANNUAL REPORT.

24 BY NOVEMBER 1, 2001, AND ANNUALLY THEREAFTER, THE BOARD SHALL  
25 SUBMIT A REPORT TO THE GOVERNOR AND TO THE CHAIR AND MINORITY  
26 CHAIR OF THE APPROPRIATIONS COMMITTEE OF THE SENATE AND THE  
27 CHAIR AND MINORITY CHAIR OF THE APPROPRIATIONS COMMITTEE OF THE  
28 HOUSE OF REPRESENTATIVES. THE REPORT SHALL PROVIDE AN ANALYSIS  
29 OF THE STATUS OF THE CURRENT INVESTMENTS AND TRANSACTIONS MADE  
30 OVER THE LAST FISCAL YEAR FOR THE FUND AND THE ACCOUNTS.

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~~CHAPTER 51~~

~~MISCELLANEOUS PROVISIONS~~

~~SECTION 5101. EFFECTIVE DATE.~~

~~THIS ACT SHALL TAKE EFFECT JULY 1, 2001, OR IMMEDIATELY,  
WHICHEVER IS LATER.~~

CHAPTER 1

←

PRELIMINARY PROVISIONS

SECTION 101. SHORT TITLE.

THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE TOBACCO  
SETTLEMENT ACT.

SECTION 102. DEFINITIONS.

THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT SHALL  
HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
CONTEXT CLEARLY INDICATES OTHERWISE:

"FUND." THE TOBACCO SETTLEMENT FUND ESTABLISHED IN SECTION  
303(A).

"HEALTH ACCOUNT." THE HEALTH ENDOWMENT ACCOUNT FOR LONG-TERM  
HOPE ESTABLISHED IN SECTION 303(B).

"HEALTH VENTURE INVESTMENT ACCOUNT." THE ACCOUNT ESTABLISHED  
IN SECTION 303(C).

"JURISDICTIONAL PAYMENT." A PAYMENT RECEIVED BY THE  
COMMONWEALTH RESULTING FROM A COURT RETAINING JURISDICTION OVER  
THE ESCROW AGREEMENT PURSUANT TO SECTION IX(B) OF THE MASTER  
SETTLEMENT AGREEMENT.

"MASTER SETTLEMENT AGREEMENT." THE SETTLEMENT AGREEMENT AND  
RELATED DOCUMENTS ENTERED INTO ON NOVEMBER 23, 1998, BY THE  
COMMONWEALTH AND LEADING UNITED STATES TOBACCO PRODUCT  
MANUFACTURERS APPROVED BY THE COURT OF COMMON PLEAS,  
PHILADELPHIA COUNTY, ON JANUARY 13, 1999.

"STRATEGIC CONTRIBUTION PAYMENT." A PAYMENT RECEIVED BY THE

1 COMMONWEALTH PURSUANT TO SECTION IX(C)(2) OF THE MASTER  
2 SETTLEMENT AGREEMENT.

3 "TOBACCO SETTLEMENT FUND." THE TOBACCO SETTLEMENT FUND  
4 ESTABLISHED IN SECTION 303(A).

5 CHAPTER 3  
6 HEALTH INVESTMENT

7 SECTION 301. SCOPE.

8 THIS CHAPTER DEALS WITH HEALTH INVESTMENT.

9 SECTION 302. DEFINITIONS.

10 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
11 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
12 CONTEXT CLEARLY INDICATES OTHERWISE:

13 "ACCOUNTS." THE HEALTH ENDOWMENT ACCOUNT FOR LONG-TERM HOPE  
14 ESTABLISHED IN SECTION 303(B) AND THE HEALTH VENTURE INVESTMENT  
15 ACCOUNT ESTABLISHED IN SECTION 303(C).

16 "BOARD." THE TOBACCO SETTLEMENT INVESTMENT BOARD ESTABLISHED  
17 IN SECTION 304(A).

18 SECTION 303. ESTABLISHMENT OF SPECIAL FUND AND ACCOUNT.

19 (A) TOBACCO SETTLEMENT FUND.--THERE IS HEREBY ESTABLISHED A  
20 SPECIAL FUND KNOWN AS THE TOBACCO SETTLEMENT FUND. EXCEPT AS  
21 PROVIDED IN SUBSECTION (B), ALL PAYMENTS RECEIVED BY THE  
22 COMMONWEALTH PURSUANT TO THE MASTER SETTLEMENT AGREEMENT SHALL  
23 BE DEPOSITED BY THE TREASURY DEPARTMENT IN THE FUND.

24 (B) HEALTH ACCOUNT.--THERE IS HEREBY ESTABLISHED WITHIN THE  
25 FUND THE HEALTH ENDOWMENT ACCOUNT FOR LONG-TERM HOPE. THE  
26 FOLLOWING AMOUNTS SHALL BE DEPOSITED BY THE TREASURY DEPARTMENT  
27 INTO THE ACCOUNT:

28 (1) THE JURISDICTIONAL PAYMENT RECEIVED BY THE  
29 COMMONWEALTH PURSUANT TO THE MASTER SETTLEMENT AGREEMENT.

30 (2) THE STRATEGIC CONTRIBUTION PAYMENTS RECEIVED BY THE

1 COMMONWEALTH PURSUANT TO THE MASTER SETTLEMENT AGREEMENT.

2 (3) EARNINGS DERIVED FROM THE INVESTMENT OF THE MONEY IN  
3 THE FUND AFTER DEDUCTION OF INVESTMENT EXPENSES, INCLUDING  
4 SUCH EARNINGS AS MAY HAVE ACCRUED PRIOR TO THE EFFECTIVE DATE  
5 OF THIS CHAPTER.

6 (4) EARNINGS DERIVED FROM THE INVESTMENT OF THE MONEY IN  
7 THE HEALTH ACCOUNT AFTER DEDUCTION OF INVESTMENT EXPENSES AND  
8 THE APPROVED EXPENSES OF THE BOARD.

9 (5) MONEY RECEIVED AS A RESULT OF INVESTMENTS FROM THE  
10 HEALTH VENTURE INVESTMENT ACCOUNT.

11 (C) HEALTH VENTURE INVESTMENT ACCOUNT.--THERE IS HEREBY  
12 ESTABLISHED WITHIN THE FUND THE HEALTH VENTURE INVESTMENT  
13 ACCOUNT.

14 SECTION 304. TOBACCO SETTLEMENT INVESTMENT BOARD.

15 (A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED THE TOBACCO  
16 SETTLEMENT INVESTMENT BOARD, CONSISTING OF 11 MEMBERS AS  
17 FOLLOWS: THE GOVERNOR OR A DESIGNEE; THE SECRETARY OF THE  
18 BUDGET; THE STATE TREASURER OR A DESIGNEE; ONE MEMBER APPOINTED  
19 BY THE PRESIDENT PRO TEMPORE OF THE SENATE AND ONE MEMBER  
20 APPOINTED BY THE MINORITY LEADER OF THE SENATE; ONE MEMBER  
21 APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND ONE  
22 MEMBER APPOINTED BY THE MINORITY LEADER OF THE HOUSE OF  
23 REPRESENTATIVES; THREE MEMBERS APPOINTED BY THE GOVERNOR; AND  
24 ONE MEMBER APPOINTED BY THE STATE TREASURER. LEGISLATIVE  
25 APPOINTMENTS SHALL SERVE AT THE PLEASURE OF THE APPOINTING  
26 AUTHORITY. OTHER APPOINTED MEMBERS SHALL SERVE FOR A TERM OF  
27 FOUR YEARS AND UNTIL A SUCCESSOR IS APPOINTED. MEMBERS OF THE  
28 BOARD SHALL SERVE WITHOUT COMPENSATION, BUT SHALL BE REIMBURSED  
29 FOR ACTUAL AND REASONABLE EXPENSES INCURRED IN THE PERFORMANCE  
30 OF THEIR OFFICIAL DUTIES. THE GOVERNOR SHALL SELECT ONE MEMBER

1 AS CHAIRPERSON, AND THE MEMBERS OF THE BOARD SHALL SELECT ONE  
2 MEMBER AS SECRETARY.

3 (B) PROFESSIONAL PERSONNEL.--THE BOARD MAY EMPLOY INVESTMENT  
4 ADVISORS, FUND MANAGERS AND STAFF AS THE BOARD DEEMS ADVISABLE.

5 (C) EXPENSES.--ALL APPROVED EXPENSES OF THE BOARD AND  
6 RELATED PROFESSIONAL PERSONNEL EXPENSES SHALL BE PAID AND  
7 DEDUCTED FROM INVESTMENT EARNINGS OF THE HEALTH ACCOUNT. THE  
8 BOARD SHALL, THROUGH THE GOVERNOR, SUBMIT TO THE GENERAL  
9 ASSEMBLY AN ANNUAL BUDGET COVERING ITS PROPOSED ADMINISTRATIVE  
10 EXPENSES. CONCURRENTLY WITH ITS ANNUAL BUDGET REQUEST, THE BOARD  
11 SHALL SUBMIT TO THE GENERAL ASSEMBLY A LIST OF PROPOSED  
12 EXPENDITURES FOR THE PERIOD COVERED BY THE BUDGET REQUEST THAT  
13 THE BOARD INTENDS TO PAY THROUGH THE USE OF DIRECTED  
14 COMMISSIONS, TOGETHER WITH A LIST OF THE ACTUAL EXPENDITURES  
15 FROM THE PREVIOUS YEAR ACTUALLY PAID BY THE BOARD THROUGH THE  
16 USE OF DIRECTED COMMISSIONS. ALL SUCH DIRECTED COMMISSION  
17 EXPENDITURES SHALL BE MADE BY THE BOARD FOR THE EXCLUSIVE  
18 BENEFIT OF THE FUND AND THE HEALTH ACCOUNT.

19 (D) RECORDS AND MEETINGS.--THE BOARD SHALL KEEP A RECORD OF  
20 ITS PROCEEDINGS, WHICH SHALL BE OPEN TO INSPECTION BY THE  
21 PUBLIC. MEETINGS OF THE BOARD SHALL BE CONDUCTED UNDER 65  
22 P.A.C.S. CH. 7 (RELATING TO OPEN MEETINGS).  
23 SECTION 305. INVESTMENT OF FUND AND ACCOUNTS.

24 (A) CONTROL AND MANAGEMENT.--NOTWITHSTANDING ANY OTHER  
25 PROVISION OF LAW, THE BOARD SHALL HAVE EXCLUSIVE CONTROL AND  
26 AUTHORITY TO MANAGE, INVEST AND REINVEST MONEY IN THE FUND AND  
27 THE HEALTH ACCOUNT IN ACCORDANCE WITH THIS SECTION, SUBJECT,  
28 HOWEVER, TO THE EXERCISE OF THAT DEGREE OF JUDGMENT, SKILL AND  
29 CARE UNDER THE CIRCUMSTANCES THEN PREVAILING THAT PERSONS OF  
30 PRUDENCE, DISCRETION AND INTELLIGENCE, WHO ARE FAMILIAR WITH

1 INVESTMENT MATTERS, EXERCISE IN THE MANAGEMENT OF THEIR OWN  
2 AFFAIRS, NOT IN REGARD TO SPECULATION BUT IN REGARD TO PERMANENT  
3 DISPOSITION OF THE FUNDS, CONSIDERING THE PROBABLE INCOME TO BE  
4 DERIVED FROM THE INVESTMENTS AND THE PROBABLE SAFETY OF THEIR  
5 CAPITAL. THE BOARD MAY HOLD, PURCHASE, SELL, LEND, ASSIGN,  
6 TRANSFER OR DISPOSE OF ANY SECURITIES AND INVESTMENTS, INCLUDING  
7 EQUITY SECURITIES, IN WHICH MONEY IN THE FUND OR THE ACCOUNTS  
8 HAS BEEN INVESTED AND OF THE PROCEEDS OF THE INVESTMENTS,  
9 INCLUDING ANY DIRECTED COMMISSIONS THAT HAVE ACCRUED TO THE  
10 BENEFIT OF THE FUND OR THE ACCOUNTS AS A CONSEQUENCE OF THE  
11 INVESTMENTS, AND OF MONEY BELONGING TO THE FUND OR THE ACCOUNTS  
12 SUBJECT TO THE STANDARD OF PRUDENCE IN THIS SECTION.

13 (B) FIDUCIARY STATUS OF BOARD.--THE MEMBERS OF THE BOARD AND  
14 THEIR PROFESSIONAL PERSONNEL SHALL STAND IN A FIDUCIARY  
15 RELATIONSHIP TO THE COMMONWEALTH AND ITS CITIZENS REGARDING THE  
16 INVESTMENTS OF THE MONEY OF THE FUND AND THE ACCOUNTS AND SHALL  
17 NOT PROFIT, EITHER DIRECTLY OR INDIRECTLY, WITH RESPECT THERETO.

18 (C) CUSTODIAN.--THE STATE TREASURER SHALL BE THE CUSTODIAN  
19 OF THE FUND AND THE ACCOUNTS. ALL INVESTMENT DRAWS FROM THE FUND  
20 OR THE ACCOUNTS SHALL BE MADE BY THE STATE TREASURER IN  
21 ACCORDANCE WITH REQUISITIONS SIGNED BY THE SECRETARY OF THE  
22 BOARD AND RATIFIED BY RESOLUTION OF THE BOARD.

23 (D) AUTHORIZED INVESTMENT VEHICLES FOR THE FUND AND THE  
24 HEALTH ACCOUNT.--THE BOARD MAY INVEST THE MONEY IN THE FUND AND  
25 THE HEALTH ACCOUNT IN INVESTMENTS THAT MEET THE STANDARD OF  
26 PRUDENCE SET FORTH IN SUBSECTION (A) BY ACQUIRING ANY TYPE OF  
27 INTEREST IN A BUSINESS ORGANIZATION EXISTING UNDER THE LAWS OF  
28 ANY JURISDICTION. THE LIABILITY OF THE FUND OR THE HEALTH  
29 ACCOUNT SHALL BE LIMITED TO THE AMOUNT OF THEIR INVESTMENT UNDER  
30 THIS SUBSECTION.

1 (E) ADDITIONAL AUTHORIZED INVESTMENT VEHICLES FOR THE HEALTH  
2 ACCOUNT.--THE BOARD IN ITS PRUDENT DISCRETION MAY INVEST THE  
3 MONEY IN THE HEALTH ACCOUNT IN VENTURE CAPITAL INVESTMENTS,  
4 PRIVATE PLACEMENT INVESTMENTS OR OTHER ALTERNATIVE INVESTMENTS  
5 OF ANY KIND, STRUCTURE OR MANNER WHICH MEET THE STANDARD OF  
6 PRUDENCE SET FORTH IN SUBSECTION (A). THE LIABILITY OF THE  
7 HEALTH ACCOUNT SHALL BE LIMITED TO THE AMOUNT OF ITS INVESTMENT  
8 UNDER THIS SUBSECTION.

9 (F) AUTHORIZED INVESTMENT VEHICLES FOR THE HEALTH VENTURE  
10 INVESTMENT ACCOUNT.--THE BOARD MAY INVEST THE MONEY IN THE  
11 HEALTH VENTURE INVESTMENT ACCOUNT IN INVESTMENTS WHICH MEET THE  
12 STANDARD OF PRUDENCE SET FORTH IN SUBSECTION (A) BY BECOMING A  
13 LIMITED PARTNER IN PARTNERSHIPS THAT MAKE VENTURE CAPITAL  
14 INVESTMENTS BY ACQUIRING EQUITY INTERESTS OR A COMBINATION OF  
15 DEBT AND EQUITY INTERESTS IN HEALTH CARE, BIOTECHNOLOGY OR ANY  
16 OTHER HEALTH-RELATED BUSINESSES THAT ARE EXPECTED TO GROW  
17 SUBSTANTIALLY IN THE FUTURE AND IN WHICH THE EXPECTED RETURNS ON  
18 INVESTMENT ARE TO COME PREDOMINANTLY FROM INCREASES IN VALUE OF  
19 THE EQUITY INTERESTS AND ARE NOT INTERESTS IN OR SECURED BY REAL  
20 ESTATE. THE BOARD MAY INVEST IN ONE OR MORE LIMITED PARTNERSHIPS  
21 OR COMPARABLE INVESTMENT ENTITIES PROVIDED THAT THE INVESTMENT  
22 GUIDELINES AND STRATEGIES OF EACH INVESTMENT ENTITY REQUIRE THAT  
23 AT LEAST 70% OF THE INVESTMENTS WILL BE MADE IN COMPANIES  
24 LOCATED PRIMARILY IN PENNSYLVANIA OR IN COMPANIES WILLING TO  
25 RELOCATE SIGNIFICANT BUSINESS OPERATIONS TO PENNSYLVANIA. THE  
26 LIABILITY OF THE FUND OR THE HEALTH VENTURE INVESTMENT ACCOUNT  
27 SHALL BE LIMITED TO THE AMOUNT OF ITS INVESTMENT UNDER THIS  
28 SECTION.

29 (G) REQUIREMENTS FOR VENTURE CAPITAL INVESTMENTS.--THE  
30 FOLLOWING ARE THE REQUIREMENTS TO PARTICIPATE IN A VENTURE

1 CAPITAL INVESTMENT PROGRAM UNDERTAKEN BY THE BOARD UNDER  
2 SUBSECTION (E) OR (F):

3 (1) EACH GENERAL PARTNER MUST:

4 (I) CONTRIBUTE 2% OF THE AGGREGATE COMMITTEE CAPITAL  
5 AS A GENERAL PARTNER; AND

6 (II) SUBORDINATE 5% OF THE BOARD'S CONTRIBUTION IN  
7 TERMS OF THE DISTRIBUTION SCHEDULE, PUTTING THE GENERAL  
8 PARTNER IN A FIRST LOSS POSITION WITH RESPECT TO THE  
9 BOARD.

10 (2) THE PARTNERSHIP MUST PROVIDE A PREFERRED RETURN OF  
11 NO LESS THAN 5% TO ALL LIMITED PARTNERS.

12 (3) THE PARTNERSHIP MUST AGREE TO OPERATE UNDER A  
13 PRUDENT EXPERT STANDARD OF CARE. THE BOARD SHALL ADOPT  
14 POLICIES REGARDING CANCELLATION OF A CONTRACT WITH A GENERAL  
15 PARTNER BASED ON POOR PERFORMANCE, WHICH MAY INCLUDE POLICIES  
16 RELATING TO MULTIPLE INSTANCES OF INDEMNIFICATION OR  
17 SUBSTANTIAL CHANGES IN PRINCIPALS.

18 (4) THE BOARD MUST BE GIVEN A SEAT ON ANY LIMITED  
19 PARTNER ADVISORY/VALUATION COMMITTEE.

20 (5) THE BOARD MUST BE REIMBURSED FOR EXPENSES FOR  
21 ATTENDING LIMITED PARTNER ADVISORY/VALUATION COMMITTEE  
22 MEETINGS AND PARTNERSHIP ANNUAL MEETINGS.

23 (6) THE PARTNERSHIP MUST ISSUE TO THE BOARD AUDITED  
24 FINANCIAL STATEMENTS ON THE BASIS OF GENERALLY ACCEPTED  
25 ACCOUNTING PRINCIPLES.

26 (H) LEGISLATIVE DECLARATION.--THE GENERAL ASSEMBLY FINDS AND  
27 DECLARES THAT AUTHORIZED INVESTMENTS OF THE FUND OR THE ACCOUNTS  
28 MADE BY OR ON BEHALF OF THE BOARD UNDER THIS SECTION, WHEREBY  
29 THE BOARD BECOMES A JOINT OWNER, LIMITED PARTNER OR STOCKHOLDER  
30 IN A COMPANY, CORPORATION, LIMITED PARTNERSHIP, ASSOCIATION OR

1 OTHER LAWFUL BUSINESS ORGANIZATION, ARE OUTSIDE THE SCOPE OF THE  
2 ORIGINAL INTENT OF, AND DO NOT VIOLATE, THE PROHIBITION SET  
3 FORTH IN SECTION 8 OF ARTICLE VIII OF THE CONSTITUTION OF  
4 PENNSYLVANIA.

5 SECTION 306. USE OF TOBACCO SETTLEMENT FUND.

6 (A) ANNUAL REPORT.--THE GOVERNOR SHALL REPORT ON THE FUND IN  
7 THE ANNUAL BUDGET WHICH SHALL INCLUDE THE AMOUNTS APPROPRIATED  
8 TO EACH PROGRAM.

9 (B) APPROPRIATIONS.--

10 (1) THE GENERAL ASSEMBLY HEREBY APPROPRIATES FUNDS IN  
11 THE FUND IN ACCORDANCE WITH THE FOLLOWING PERCENTAGES BASED  
12 ON ACTUAL FUNDS RECEIVED IN EACH YEAR OR UPON RECEIPT OF THE  
13 FINAL ANNUAL PAYMENT:

14 (I) EIGHT PERCENT FOR DEPOSIT INTO THE HEALTH  
15 ACCOUNT PURSUANT TO THIS CHAPTER, WHICH SHALL BE  
16 DEPOSITED IMMEDIATELY UPON RECEIPT.

17 (II) THIRTEEN PERCENT FOR HOME AND COMMUNITY-BASED  
18 SERVICES PURSUANT TO CHAPTER 5. FOR FISCAL YEAR 2001-  
19 2002, UP TO \$13.5 MILLION MAY BE USED FOR EXPANDED  
20 COUNSELING, AREA AGENCY ON AGING TRAINING AND EDUCATION,  
21 ASSISTIVE TECHNOLOGY AND FOR REDUCING WAITING LISTS FOR  
22 SERVICES IN THE DEPARTMENT OF AGING.

23 (III) TWELVE PERCENT FOR TOBACCO USE PREVENTION AND  
24 CESSATION PROGRAMS PURSUANT TO CHAPTER 7.

25 (IV) EIGHTEEN PERCENT FOR HEALTH AND RELATED  
26 RESEARCH PURSUANT TO SECTION 906 AND ONE PERCENT FOR  
27 HEALTH AND RELATED RESEARCH PURSUANT TO SECTION 909.

28 (V) TEN PERCENT FOR THE UNCOMPENSATED CARE PAYMENT  
29 PROGRAM PURSUANT TO CHAPTER 11.

30 (VI) THIRTY PERCENT FOR HEALTH INVESTMENT INSURANCE

1 PURSUANT TO CHAPTER 13 AND FOR THE PURCHASE OF MEDICAID  
2 BENEFITS FOR WORKERS WITH DISABILITIES PURSUANT TO  
3 CHAPTER 15.

4 (VII) EIGHT PERCENT FOR THE EXPANSION OF THE PACENET  
5 PROGRAM PURSUANT TO CHAPTER 23.

6 (2) IN ADDITION, ANY FEDERAL FUNDS RECEIVED FOR ANY OF  
7 THESE PROGRAMS IS HEREBY SPECIFICALLY APPROPRIATED TO THOSE  
8 PROGRAMS.

9 (C) LAPSES.--LAPSES SHALL BE DEPOSITED IN THE HEALTH  
10 ACCOUNT, EXCEPT FOR THE FOLLOWING:

11 (1) LAPSES FROM MONEYS PROVIDED FOR THE HOME AND  
12 COMMUNITY-BASED CARE SERVICES SHALL BE REALLOCATED TO THE  
13 HOME AND COMMUNITY-BASED CARE PROGRAM FOR USE IN SUCCEEDING  
14 YEARS.

15 (2) LAPSES FROM MONEYS PROVIDED FOR THE HEALTH  
16 INVESTMENT INSURANCE PROGRAM SHALL BE REALLOCATED TO THE  
17 HEALTH INVESTMENT INSURANCE PROGRAM FOR USE IN SUCCEEDING  
18 YEARS.

19 SECTION 307. USE OF HEALTH ACCOUNT.

20 WHENEVER THE GOVERNOR DETERMINES THAT MONEY FROM THE HEALTH  
21 ACCOUNT IS NECESSARY TO MEET THE EXTRAORDINARY OR EMERGENCY  
22 HEALTH CARE NEEDS OF THE CITIZENS OF THIS COMMONWEALTH, THE  
23 GOVERNOR SHALL PRESENT A DETAILED SPENDING PROPOSAL WITH A  
24 REQUEST FOR AN APPROPRIATION AND ANY NECESSARY LEGISLATION TO  
25 THE CHAIR AND MINORITY CHAIR OF THE APPROPRIATIONS COMMITTEE OF  
26 THE SENATE AND THE CHAIR AND MINORITY CHAIR OF THE  
27 APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES. THE  
28 GENERAL ASSEMBLY MAY, THROUGH APPROVAL OF A SEPARATE  
29 APPROPRIATION BILL BY A VOTE OF TWO-THIRDS OF THE MEMBERS  
30 ELECTED TO THE SENATE AND TO THE HOUSE OF REPRESENTATIVES,

1 APPROPRIATE MONEY FROM THE HEALTH ACCOUNT TO MEET THE NEEDS  
2 IDENTIFIED IN THE GOVERNOR'S REQUEST. ANY MONEY APPROPRIATED  
3 UNDER THIS SECTION THAT LAPSES SHALL BE RETURNED TO THE HEALTH  
4 ACCOUNT.

5 SECTION 308. ANNUAL REPORT.

6 BY NOVEMBER 30, 2002, AND ANNUALLY THEREAFTER, THE BOARD  
7 SHALL SUBMIT A REPORT TO THE GOVERNOR AND TO THE CHAIR AND  
8 MINORITY CHAIR OF THE APPROPRIATIONS COMMITTEE OF THE SENATE AND  
9 THE CHAIR AND MINORITY CHAIR OF THE APPROPRIATIONS COMMITTEE OF  
10 THE HOUSE OF REPRESENTATIVES. THE REPORT SHALL PROVIDE AN  
11 ANALYSIS OF THE STATUS OF THE CURRENT INVESTMENTS AND  
12 TRANSACTIONS MADE OVER THE LAST FISCAL YEAR FOR THE FUND AND THE  
13 ACCOUNTS.

14 CHAPTER 5

15 HOME AND COMMUNITY-BASED CARE

16 SECTION 501. SCOPE.

17 THIS CHAPTER DEALS WITH HOME AND COMMUNITY-BASED CARE.

18 SECTION 502. DEFINITIONS.

19 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
20 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
21 CONTEXT CLEARLY INDICATES OTHERWISE:

22 "APPLICANT." AN INDIVIDUAL WHO APPLIES FOR SERVICES UNDER  
23 THIS CHAPTER AND WHO MEETS ALL OF THE FOLLOWING:

- 24 (1) LEGALLY RESIDES IN THE UNITED STATES.
- 25 (2) IS DOMICILED IN THIS COMMONWEALTH.
- 26 (3) IS 60 YEARS OF AGE OR OLDER.

27 "ASSISTED INDIVIDUAL." AN APPLICANT WHO MEETS ALL OF THE  
28 FOLLOWING:

- 29 (1) IS DOMICILED IN THIS COMMONWEALTH FOR AT LEAST 30  
30 DAYS PRIOR TO REQUESTING AN ASSESSMENT.

1 (2) HAS BEEN ASSESSED BY THE DEPARTMENT TO BE IN NEED OF  
2 CARE EQUIVALENT TO THE LEVEL OF CARE PROVIDED BY A NURSING  
3 FACILITY.

4 (3) HAS MONTHLY INCOME AT OR BELOW 300% OF THE FEDERAL  
5 BENEFIT RATE.

6 (4) EXCEEDS THE RESOURCE ELIGIBILITY REQUIREMENTS FOR  
7 MEDICAL ASSISTANCE UNDER THE ACT OF JUNE 13, 1967 (P.L.31,  
8 NO.21), KNOWN AS THE PUBLIC WELFARE CODE, BUT DOES NOT EXCEED  
9 A RESOURCE LEVEL DETERMINED BY THE DEPARTMENT AND THE  
10 DEPARTMENT OF PUBLIC WELFARE, WHICH IN NO CASE SHALL BE LESS  
11 THAN \$40,000.

12 "DEPARTMENT." THE DEPARTMENT OF AGING OF THE COMMONWEALTH.

13 "ENROLLED PROVIDER." A PROVIDER WHO PARTICIPATES IN THE  
14 MEDICAL ASSISTANCE PROGRAM PURSUANT TO THE ACT OF JUNE 13, 1967  
15 (P.L.31, NO.21), KNOWN AS THE PUBLIC WELFARE CODE.

16 "FEDERAL BENEFIT RATE." THE AMOUNT PAYABLE TO A SUPPLEMENTAL  
17 SECURITY INCOME (SSI) BENEFICIARY UNDER SECTION 1611(B)(1) OF  
18 THE SOCIAL SECURITY ACT (49 STAT. 620, 42 U.S.C. § 1382(B)(1))  
19 WHO RESIDES IN HIS OR HER OWN HOME AND HAS NO INCOME OR  
20 RESOURCES.

21 "FUNDED INDIVIDUAL." AN APPLICANT WHO MEETS ALL OF THE  
22 FOLLOWING:

23 (1) HAS BEEN ASSESSED TO BE IN NEED OF CARE EQUIVALENT  
24 TO THE LEVEL OF CARE PROVIDED BY A NURSING FACILITY.

25 (2) IS FINANCIALLY ELIGIBLE FOR MEDICAL ASSISTANCE UNDER  
26 THE ACT OF JUNE 13, 1967 (P.L.31, NO.21), KNOWN AS THE PUBLIC  
27 WELFARE CODE.

28 "HOME AND COMMUNITY-BASED CARE SERVICES." AN ARRAY OF  
29 SERVICES DESIGNATED BY THE DEPARTMENT OF AGING AND THE  
30 DEPARTMENT OF PUBLIC WELFARE TO MAINTAIN OLDER PENNSYLVANIANS IN

1 THEIR HOMES.

2 "NURSING FACILITY." A FACILITY WHICH IS:

3 (1) LICENSED UNDER THE ACT OF JULY 19, 1979 (P.L.130,  
4 NO.48), KNOWN AS THE HEALTH CARE FACILITIES ACT; AND

5 (2) QUALIFIED TO PARTICIPATE UNDER TITLE XIX OF THE  
6 FEDERAL SOCIAL SECURITY ACT.

7 SECTION 503. HOME AND COMMUNITY-BASED CARE SERVICES.

8 (A) APPROPRIATIONS.--APPROPRIATIONS FROM THE FUND TO THE  
9 DEPARTMENT OF PUBLIC WELFARE FOR HOME AND COMMUNITY-BASED CARE  
10 SERVICES SHALL BE USED TO PAY ENROLLED PROVIDERS FOR HOME AND  
11 COMMUNITY-BASED CARE SERVICES PROVIDED TO FUNDED INDIVIDUALS IN  
12 ACCORDANCE WITH ALL APPLICABLE FEDERAL AND STATE REQUIREMENTS.  
13 APPROPRIATIONS FROM THE FUND TO THE DEPARTMENT SHALL BE USED FOR  
14 HOME AND COMMUNITY-BASED CARE SERVICES TO ASSISTED INDIVIDUALS  
15 AND FOR COORDINATION OF SERVICES PROVIDED UNDER THIS CHAPTER.

16 (B) APPLICANT RESPONSIBILITIES.--AN APPLICANT FOR HOME AND  
17 COMMUNITY-BASED CARE SERVICES SHALL DO ALL OF THE FOLLOWING:

18 (1) REQUEST AN ASSESSMENT IN ACCORDANCE WITH PROCEDURES  
19 ESTABLISHED BY THE DEPARTMENT AND THE DEPARTMENT OF PUBLIC  
20 WELFARE.

21 (2) COOPERATE WITH THE DEPARTMENT OF PUBLIC WELFARE AND  
22 THE DEPARTMENT, AS APPLICABLE, IN DETERMINING ELIGIBILITY FOR  
23 HOME AND COMMUNITY-BASED CARE SERVICES, INCLUDING FINANCIAL  
24 ELIGIBILITY.

25 (C) FUNDED INDIVIDUAL RESPONSIBILITIES.--AN APPLICANT WHO  
26 RECEIVES HOME AND COMMUNITY-BASED CARE SERVICES AS A FUNDED  
27 INDIVIDUAL SHALL NOTIFY THE DEPARTMENT OF PUBLIC WELFARE OF ANY  
28 CHANGE IN RESOURCES OR INCOME AS SPECIFIED BY THE DEPARTMENT OF  
29 PUBLIC WELFARE.

30 (D) ASSISTED INDIVIDUAL RESPONSIBILITIES.--AN APPLICANT WHO

1 RECEIVES HOME AND COMMUNITY-BASED CARE SERVICES AS AN ASSISTED  
2 INDIVIDUAL SHALL DO ALL OF THE FOLLOWING:

3 (1) PAY A MONTHLY COPAYMENT ON A SLIDING SCALE DEVELOPED  
4 BY THE DEPARTMENT AND THE DEPARTMENT OF PUBLIC WELFARE BASED  
5 ON RESOURCES AND INCOME. THE MONTHLY COPAYMENT SHALL NOT  
6 EXCEED THE ACTUAL COSTS OF THE HOME AND COMMUNITY-BASED CARE  
7 SERVICES TO BE RECEIVED.

8 (2) NOTIFY THE DEPARTMENT OF ANY CHANGE IN RESOURCES AND  
9 MONTHLY INCOME AS SPECIFIED BY THE DEPARTMENT.

10 (E) DEPARTMENT OF PUBLIC WELFARE RESPONSIBILITIES.--THE  
11 DEPARTMENT OF PUBLIC WELFARE SHALL DO ALL OF THE FOLLOWING:

12 (1) DETERMINE THE FINANCIAL ELIGIBILITY OF APPLICANTS.

13 (2) PROVIDE FUNDING TO ENROLLED PROVIDERS FOR HOME AND  
14 COMMUNITY-BASED CARE SERVICES TO FUNDED INDIVIDUALS.

15 (3) NOTIFY THE DEPARTMENT OF APPLICANTS DETERMINED TO BE  
16 ASSISTED OR FUNDED INDIVIDUALS.

17 (4) IN COOPERATION WITH THE DEPARTMENT, SUBMIT A REPORT  
18 NO LATER THAN NOVEMBER 30, 2002, AND ANNUALLY THEREAFTER, TO  
19 THE CHAIR AND MINORITY CHAIR OF THE AGING AND YOUTH COMMITTEE  
20 OF THE SENATE, THE CHAIR AND MINORITY CHAIR OF THE PUBLIC  
21 HEALTH AND WELFARE COMMITTEE OF THE SENATE, THE CHAIR AND  
22 MINORITY CHAIR OF THE AGING AND OLDER ADULT SERVICES  
23 COMMITTEE OF THE HOUSE OF REPRESENTATIVES, THE CHAIR AND  
24 MINORITY CHAIR OF THE HEALTH AND HUMAN SERVICES COMMITTEE OF  
25 THE HOUSE OF REPRESENTATIVES, THE CHAIR AND MINORITY CHAIR OF  
26 THE APPROPRIATIONS COMMITTEE OF THE SENATE AND THE CHAIR AND  
27 MINORITY CHAIR OF THE APPROPRIATIONS COMMITTEE OF THE HOUSE  
28 OF REPRESENTATIVES. THE REPORT SHALL BE MADE AVAILABLE FOR  
29 PUBLIC INSPECTION AND POSTED ON THE PUBLICLY ACCESSIBLE WORLD  
30 WIDE WEB SITE OF THE DEPARTMENT OF PUBLIC WELFARE. THE REPORT

1 SHALL INCLUDE:

2 (I) THE NUMBER OF APPLICANTS.

3 (II) THE NUMBER OF ASSISTED AND FUNDED INDIVIDUALS  
4 BY COUNTY.

5 (III) THE TOTAL EXPENDITURE BY COUNTY.

6 (IV) THE SCOPE AND AVERAGE COST OF SERVICES PROVIDED  
7 TO ASSISTED AND TO FUNDED INDIVIDUALS.

8 (V) THE AVERAGE EXPENDITURE PER ASSISTED AND PER  
9 FUNDED INDIVIDUAL.

10 (VI) THE AVERAGE COPAYMENT AMOUNT PER ASSISTED  
11 INDIVIDUAL.

12 (VII) ANY OTHER INFORMATION DEEMED NECESSARY BY THE  
13 DEPARTMENT OF PUBLIC WELFARE.

14 (F) DEPARTMENT RESPONSIBILITIES.--THE DEPARTMENT SHALL DO  
15 ALL OF THE FOLLOWING:

16 (1) COORDINATE THE COLLECTION OF COPAYMENTS FROM  
17 ASSISTED INDIVIDUALS FOR HOME AND COMMUNITY-BASED CARE  
18 SERVICES.

19 (2) PROVIDE FUNDING TO ENTITIES DESIGNATED BY THE  
20 DEPARTMENT TO PROVIDE HOME AND COMMUNITY-BASED CARE SERVICES  
21 TO ASSISTED INDIVIDUALS.

22 (3) ASSIST THE DEPARTMENT OF PUBLIC WELFARE IN THE  
23 RECRUITMENT OF PROVIDERS.

24 (4) FACILITATE THE TRANSITION OF ASSISTED INDIVIDUALS  
25 WHO BECOME ELIGIBLE FOR HOME AND COMMUNITY-BASED CARE  
26 SERVICES AS FUNDED INDIVIDUALS.

27 (G) LIMITATIONS.--

28 (1) IN NO CASE SHALL THE TOTAL AGGREGATE AMOUNT OF  
29 PAYMENTS TO ENROLLED PROVIDERS UNDER THIS CHAPTER EXCEED  
30 FEDERAL APPROPRIATIONS AND STATE APPROPRIATIONS FROM THE FUND

1 TO THE DEPARTMENT OF PUBLIC WELFARE FOR HOME AND COMMUNITY-  
2 BASED CARE SERVICES.

3 (2) IN NO CASE SHALL THE TOTAL AGGREGATE AMOUNT OF  
4 PAYMENTS TO ENTITIES THAT PROVIDE HOME AND COMMUNITY-BASED  
5 CARE SERVICES TO ASSISTED INDIVIDUALS UNDER THIS CHAPTER  
6 EXCEED FEDERAL APPROPRIATIONS AND STATE APPROPRIATIONS FROM  
7 THE FUND TO THE DEPARTMENT FOR HOME AND COMMUNITY-BASED CARE  
8 SERVICES.

9 (3) IN NO CASE SHALL THE CREATION OF THIS PROGRAM BE  
10 CONSIDERED AN ENTITLEMENT TO HOME AND COMMUNITY-BASED CARE  
11 SERVICES.

12 SECTION 504. ACCOUNTABILITY.

13 THREE YEARS AFTER THE EFFECTIVE DATE OF THIS CHAPTER, THE  
14 DEPARTMENT OF PUBLIC WELFARE, IN COOPERATION WITH THE  
15 DEPARTMENT, SHALL CONDUCT A PERFORMANCE REVIEW OF THE PROGRAM TO  
16 PROVIDE HOME AND COMMUNITY-BASED SERVICES UNDER THIS CHAPTER.  
17 THE PERFORMANCE REVIEW SHALL BE BASED UPON THE REPORT PREPARED  
18 UNDER SECTION 503(E)(4) AND SHALL INCLUDE THE FOLLOWING:

19 (1) THE STRATEGIC GOALS AND OBJECTIVES FOR THE PROGRAM.

20 (2) WHETHER THESE STRATEGIC GOALS AND OBJECTIVES WERE  
21 ACHIEVED.

22 (3) THE SPECIFIC METHODOLOGY FOR EVALUATING THE RESULTS,  
23 ALONG WITH ANY PROPOSED RECOMMENDATIONS FOR IMPROVEMENT.

24 CHAPTER 7

25 TOBACCO USE PREVENTION AND CESSATION EFFORTS

26 SECTION 701. SCOPE.

27 THIS CHAPTER DEALS WITH TOBACCO USE PREVENTION AND CESSATION  
28 EFFORTS.

29 SECTION 702. DEFINITIONS.

30 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER

1 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
2 CONTEXT CLEARLY INDICATES OTHERWISE:

3 "COMMITTEE." THE TOBACCO USE PREVENTION AND CESSATION  
4 ADVISORY COMMITTEE ESTABLISHED IN SECTION 705.

5 "DEPARTMENT." THE DEPARTMENT OF HEALTH OF THE COMMONWEALTH.

6 "PRIMARY CONTRACTOR." A PERSON LOCATED IN THIS COMMONWEALTH  
7 THAT DEVELOPS, IMPLEMENTS OR MONITORS TOBACCO USE PREVENTION AND  
8 CESSATION PROGRAMS IN A SERVICE AREA. THE TERM INCLUDES:

9 (1) A FOR-PROFIT OR NONPROFIT ORGANIZATION, INCLUDING A  
10 COMMUNITY FOUNDATION, THAT PROVIDES TOBACCO USE PREVENTION  
11 AND CESSATION PROGRAMS;

12 (2) AN ENTITY CREATED UNDER THE ACT OF APRIL 14, 1972  
13 (P.L.221, NO.63), KNOWN AS THE PENNSYLVANIA DRUG AND ALCOHOL  
14 ABUSE CONTROL ACT;

15 (3) A MUNICIPALITY OR A MUNICIPAL HEALTH DEPARTMENT  
16 CREATED PURSUANT TO THE ACT OF AUGUST 24, 1951 (P.L.1304,  
17 NO.315), KNOWN AS THE LOCAL HEALTH ADMINISTRATION LAW;

18 (4) AN INSTITUTION OF HIGHER EDUCATION; AND

19 (5) A HOSPITAL ESTABLISHED UNDER THE ACT OF JULY 19,  
20 1979 (P.L.130, NO.48), KNOWN AS THE HEALTH CARE FACILITIES  
21 ACT.

22 "PROGRAM." THE COMPREHENSIVE TOBACCO USE PREVENTION AND  
23 CESSATION PROGRAM ESTABLISHED UNDER SECTION 703, THE GOAL OF  
24 WHICH IS TO PROMOTE TOBACCO USE PREVENTION AND CESSATION EFFORTS  
25 THAT ELIMINATE OR REDUCE DISEASE, DISABILITY AND DEATH, RELATED  
26 TO TOBACCO USE AMONG RESIDENTS OF THIS COMMONWEALTH, UTILIZING  
27 THE "BEST PRACTICES FOR COMPREHENSIVE TOBACCO CONTROL PROGRAMS,"  
28 OR A SUCCESSOR PROGRAM, OF THE NATIONAL CENTERS FOR DISEASE  
29 CONTROL AND PREVENTION.

30 "SECRETARY." THE SECRETARY OF HEALTH OF THE COMMONWEALTH.

1 "SERVICE AREA." A GEOGRAPHIC AREA DESIGNATED BY THE  
2 DEPARTMENT OF HEALTH UNDER SECTION 704.

3 "SERVICE PROVIDER." A PERSON LOCATED IN THIS COMMONWEALTH  
4 THAT IS SELECTED BY THE PRIMARY CONTRACTOR TO RECEIVE A GRANT TO  
5 PROVIDE TOBACCO USE PREVENTION AND CESSATION PROGRAMS. THE TERM  
6 INCLUDES:

7 (1) A FOR-PROFIT OR NONPROFIT ORGANIZATION THAT PROVIDES  
8 TOBACCO USE PREVENTION AND CESSATION PROGRAMS;

9 (2) AN ENTITY CREATED UNDER THE ACT OF APRIL 14, 1972  
10 (P.L.221, NO.63), KNOWN AS THE PENNSYLVANIA DRUG AND ALCOHOL  
11 ABUSE CONTROL ACT;

12 (3) A MUNICIPALITY OR A MUNICIPAL HEALTH DEPARTMENT  
13 CREATED UNDER THE ACT OF AUGUST 24, 1951 (P.L.1304, NO.315),  
14 KNOWN AS THE LOCAL HEALTH ADMINISTRATION LAW;

15 (4) AN INSTITUTION OF HIGHER EDUCATION;

16 (5) A HOSPITAL ESTABLISHED UNDER THE ACT OF JULY 19,  
17 1979 (P.L.130, NO.48), KNOWN AS THE HEALTH CARE FACILITIES  
18 ACT; AND

19 (6) A SCHOOL DISTRICT OR INTERMEDIATE UNIT.

20 SECTION 703. TOBACCO USE PREVENTION AND CESSATION PROGRAM.

21 (A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED IN THE  
22 DEPARTMENT A TOBACCO USE PREVENTION AND CESSATION PROGRAM.  
23 APPROPRIATIONS FROM THE FUND TO THE DEPARTMENT FOR THE PROGRAM  
24 SHALL BE USED TO IMPLEMENT THE PROGRAM.

25 (B) COMPONENTS.--THE PROGRAM SHALL INCLUDE THE FOLLOWING:

26 (1) STATEWIDE, COMMUNITY AND SCHOOL PROGRAMS DESIGNED TO  
27 REDUCE TOBACCO USE.

28 (2) CHRONIC DISEASE PROGRAMS TO REDUCE THE BURDEN OF  
29 TOBACCO-RELATED DISEASES, INCLUDING PREVENTION AND EARLY  
30 DETECTION.

1 (3) ENFORCEMENT OF APPLICABLE LAWS RELATED TO TOBACCO  
2 ACCESS.

3 (4) EFFORTS DESIGNED TO COUNTER TOBACCO INFLUENCES AND  
4 INCREASE HEALTH-RELATED MESSAGES.

5 (5) TOBACCO CESSATION PROGRAMS, WITH A PRIORITY FOR  
6 SERVING THE UNINSURED AND LOW-INCOME POPULATIONS.

7 (6) MONITORING PROGRAM ACCOUNTABILITY BY REQUIRING THE  
8 EVALUATION AND DOCUMENTATION OF, OR BY CONDUCTING RESEARCH  
9 REGARDING, THE EFFECTIVENESS OF THE PROGRAM AND PROGRAM  
10 RESULTS.

11 (7) ADMINISTRATION AND MANAGEMENT TO FACILITATE THE  
12 COORDINATION OF STATE AND LOCAL PROGRAMS.

13 SECTION 704. POWERS AND DUTIES OF DEPARTMENT.

14 THE DEPARTMENT HAS THE FOLLOWING POWERS AND DUTIES:

15 (1) TO ADMINISTER THE PROGRAM IN A MANNER WHICH PROVIDES  
16 STATEWIDE AND LOCAL SERVICES TO COMMONWEALTH RESIDENTS.

17 (2) TO ANNUALLY ESTABLISH PROGRAM PRIORITIES FOR THE  
18 COMMONWEALTH IN CONSULTATION WITH THE COMMITTEE.

19 (3) ON A STATEWIDE BASIS, TO AWARD GRANTS AND ENTER INTO  
20 CONTRACTS TO IMPLEMENT THE PRIORITIES ESTABLISHED UNDER  
21 PARAGRAPH (2). THE DEPARTMENT SHALL SET SPECIFIC GOALS WITH  
22 MEASURABLE OBJECTIVES TO MONITOR THE REDUCTION OF TOBACCO  
23 CONSUMPTION UNDER RELATED PROGRAMS DEVELOPED BY STATEWIDE  
24 GRANT RECIPIENTS.

25 (4) TO DIVIDE THIS COMMONWEALTH INTO NO MORE THAN 67  
26 SERVICE AREAS IN ORDER TO PROVIDE FOR THE EFFECTIVE AND  
27 GEOGRAPHICALLY DISPERSED DELIVERY OF THE PROGRAM. THE  
28 DEPARTMENT SHALL FOSTER COLLABORATION AMONG GEOGRAPHIC  
29 REGIONS OF THIS COMMONWEALTH.

30 (5) TO ENTER INTO CONTRACTS UNDER SECTION 708 WITH AT

1 LEAST ONE AND NO MORE THAN TWO PRIMARY CONTRACTORS IN EACH  
2 SERVICE AREA.

3 (6) TO APPROVE PLANS SUBMITTED BY PRIMARY CONTRACTORS,  
4 WHICH SHALL INCLUDE SPECIFIC GOALS WITH MEASURABLE OBJECTIVES  
5 TO BE MET BY THE PRIMARY CONTRACTORS FOR EACH SERVICE AREA.

6 (7) TO COORDINATE, MONITOR AND EVALUATE THE PROGRAM  
7 FUNDED UNDER THIS CHAPTER TO ENSURE COMPLIANCE WITH  
8 PRIORITIES AND GOALS AND TO ENSURE DELIVERY OF PROGRAM  
9 SERVICES IN ALL GEOGRAPHIC AREAS OF THIS COMMONWEALTH. THE  
10 PROGRAM SHALL BE COORDINATED WITH OTHER EFFORTS TO PREVENT  
11 AND REDUCE EXPOSURE TO AND CONSUMPTION OF TOBACCO.

12 (8) TO DETERMINE THE LEVEL OF TOBACCO USE IN THIS  
13 COMMONWEALTH AND EACH OF THE SERVICE AREAS AND MONITOR  
14 CHANGES IN THE LEVEL OF TOBACCO USE IN THIS COMMONWEALTH AND  
15 EACH OF THE SERVICE AREAS BASED ON AVAILABLE INFORMATION.

16 (9) TO PURSUE GRANTS FOR TOBACCO USE PREVENTION AND  
17 CESSATION AS PROVIDED IN SECTION VI(G) OF THE MASTER  
18 SETTLEMENT AGREEMENT. ALL MONEY AWARDED TO THE DEPARTMENT  
19 UNDER THIS PARAGRAPH SHALL BE LISTED IN THE REPORT UNDER  
20 PARAGRAPH (10).

21 (10) TO PREPARE AND SUBMIT A REPORT NO LATER THAN  
22 NOVEMBER 30, 2002, AND ANNUALLY THEREAFTER, TO THE CHAIR AND  
23 MINORITY CHAIR OF THE PUBLIC HEALTH AND WELFARE COMMITTEE OF  
24 THE SENATE AND THE CHAIR AND MINORITY CHAIR OF THE HEALTH AND  
25 HUMAN SERVICES COMMITTEE OF THE HOUSE OF REPRESENTATIVES. THE  
26 ANNUAL REPORT SHALL BE MADE AVAILABLE FOR PUBLIC INSPECTION  
27 AND POSTED ON THE DEPARTMENT'S PUBLICLY ACCESSIBLE WORLD WIDE  
28 WEB SITE. THE REPORT SHALL INCLUDE THE ACTIVITIES OF THE  
29 DEPARTMENT IN IMPLEMENTING THIS CHAPTER, INCLUDING:

30 (I) IDENTIFICATION OF STATEWIDE GRANT RECIPIENTS AND

1 THE GRANT AMOUNT AWARDED TO EACH RECIPIENT.

2 (II) IDENTIFICATION OF THE PRIMARY CONTRACTOR AND  
3 ALL SERVICE PROVIDERS IN EACH SERVICE AREA AND THE GRANT  
4 AMOUNTS AWARDED TO EACH CONTRACTOR AND EACH PROVIDER.

5 (III) IDENTIFICATION OF PROGRAM PRIORITIES UNDER  
6 PARAGRAPH (2).

7 (IV) THE GOALS OF EACH PRIMARY CONTRACTOR AND  
8 WHETHER ITS GOALS HAVE BEEN MET.

9 (V) THE INFORMATION AND METHODOLOGY DERIVED FROM THE  
10 IMPLEMENTATION OF PARAGRAPH (8), ALONG WITH ANY  
11 RECOMMENDATIONS FOR FURTHER REDUCTIONS IN THE LEVEL OF  
12 TOBACCO USE.

13 (VI) APPLICATIONS MADE AND GRANTS RECEIVED UNDER  
14 PARAGRAPH (9).

15 SECTION 705. COMMITTEE.

16 (A) ESTABLISHMENT.--THERE IS ESTABLISHED IN THE DEPARTMENT  
17 THE TOBACCO USE PREVENTION AND CESSATION ADVISORY COMMITTEE.

18 (B) MEMBERSHIP.--THE COMMITTEE IS COMPRISED OF THE  
19 FOLLOWING:

20 (1) THE SECRETARY OR A DESIGNEE, WHO SHALL SERVE AS  
21 CHAIRPERSON.

22 (2) FOUR MEMBERS APPOINTED BY THE SECRETARY.

23 (3) ONE MEMBER APPOINTED BY THE PRESIDENT PRO TEMPORE OF  
24 THE SENATE AND ONE MEMBER APPOINTED BY THE MINORITY LEADER OF  
25 THE SENATE.

26 (4) ONE MEMBER APPOINTED BY THE SPEAKER OF THE HOUSE OF  
27 REPRESENTATIVES AND ONE MEMBER APPOINTED BY THE MINORITY  
28 LEADER OF THE HOUSE OF REPRESENTATIVES.

29 (C) QUALIFICATIONS.--MEMBERS APPOINTED TO THE COMMITTEE MUST  
30 POSSESS EXPERTISE IN COMMUNITY, CLINICAL OR PUBLIC HEALTH

1 PRACTICES OR IN PROGRAMS RELATED TO TOBACCO USE PREVENTION AND  
2 CESSATION.

3 (D) TERMS.--

4 (1) THE SECRETARY SHALL SERVE EX OFFICIO.

5 (2) A MEMBER UNDER SUBSECTION (B)(2) SHALL SERVE A TERM  
6 OF FOUR YEARS.

7 (3) A MEMBER UNDER SUBSECTION (B)(3) SHALL SERVE A TERM  
8 OF FOUR YEARS BUT MAY BE REMOVED AT THE PLEASURE OF THE  
9 APPOINTING AUTHORITY.

10 (4) A MEMBER UNDER SUBSECTION (B)(4) SHALL SERVE A TERM  
11 OF TWO YEARS BUT MAY BE REMOVED AT THE PLEASURE OF THE  
12 APPOINTING AUTHORITY.

13 (5) AN APPOINTMENT TO FILL A VACANCY SHALL BE FOR THE  
14 PERIOD OF THE UNEXPIRED TERM OR UNTIL A SUCCESSOR IS NAMED.

15 (E) MEETINGS.--THE COMMITTEE SHALL MEET AS NEEDED, BUT AT  
16 LEAST TWICE A YEAR, TO PERFORM THE DUTIES PROVIDED FOR IN THIS  
17 CHAPTER. A MAJORITY OF THE MEMBERS OF THE COMMITTEE CONSTITUTES  
18 A QUORUM. A MAJORITY OF THE MEMBERS OF THE COMMITTEE HAS  
19 AUTHORITY TO ACT UPON ANY MATTER PROPERLY BEFORE IT. THE  
20 COMMITTEE IS AUTHORIZED TO ESTABLISH RULES FOR ITS OPERATION AND  
21 SHALL HOLD AT LEAST ONE PUBLIC HEARING ANNUALLY. MEETINGS OF THE  
22 COMMITTEE SHALL BE CONDUCTED UNDER 65 PA.C.S. CH. 7 (RELATING TO  
23 OPEN MEETINGS).

24 (F) EXPENSES.--MEMBERS SHALL RECEIVE NO PAYMENT FOR THEIR  
25 SERVICES. MEMBERS WHO ARE NOT EMPLOYEES OF STATE GOVERNMENT  
26 SHALL BE REIMBURSED FOR NECESSARY AND REASONABLE EXPENSES  
27 INCURRED IN THE COURSE OF THEIR OFFICIAL DUTIES.

28 (G) POWERS AND DUTIES.--THE COMMITTEE HAS THE FOLLOWING  
29 POWERS AND DUTIES:

30 (1) COLLECT AND REVIEW INFORMATION RELATING TO TOBACCO

1 USE PREVENTION AND CESSATION.

2 (2) MAKE ANNUAL RECOMMENDATIONS TO THE DEPARTMENT  
3 REGARDING TOBACCO USE PREVENTION AND CESSATION PROGRAM  
4 PRIORITIES. CONSIDERATION SHALL BE GIVEN TO:

5 (I) PREVENTION AND CESSATION PROGRAMS OPERATING IN  
6 MINORITY COMMUNITIES AND AMONG OTHER DEMOGRAPHIC GROUPS  
7 AND DEMOGRAPHIC REGIONS WHICH SUFFER FROM  
8 DISPROPORTIONATELY HIGH RATES OF LUNG CANCER OR OTHER  
9 TOBACCO-RELATED DISEASES;

10 (II) EFFORTS WHICH WOULD LOWER TOBACCO USE AMONG  
11 SCHOOL-AGE CHILDREN; AND

12 (III) THE DELIVERY OF CESSATION SERVICES BY APPROVED  
13 "HEALTH CARE PRACTITIONERS," AS DEFINED IN SECTION 103 OF  
14 THE ACT OF JULY 19, 1979 (P.L.130, NO.48), KNOWN AS THE  
15 HEALTH CARE FACILITIES ACT.

16 (3) MAKE ANNUAL RECOMMENDATIONS TO THE DEPARTMENT ON THE  
17 EVALUATION PROCEDURES TO BE USED IN APPROVING PRIMARY  
18 CONTRACTORS AND SERVICE PROVIDERS.  
19 SECTION 706. PRIMARY CONTRACTORS.

20 (A) APPLICANTS.--IN ORDER TO BE A PRIMARY CONTRACTOR, AN  
21 APPLICANT MUST SUBMIT A PLAN TO THE DEPARTMENT WHICH  
22 DEMONSTRATES THE ABILITY OF THE PRIMARY CONTRACTOR TO DEVELOP,  
23 IMPLEMENT AND MONITOR THE PROGRAM IN A SERVICE AREA. PRIORITY  
24 MAY BE GIVEN TO PRIMARY CONTRACTORS THAT HAVE EXPERIENCE IN  
25 PROVIDING OR COORDINATING TOBACCO USE PREVENTION AND CESSATION  
26 SERVICES.

27 (B) DEPARTMENT.--THE DEPARTMENT SHALL REVIEW PLANS SUBMITTED  
28 UNDER SUBSECTION (A) AND SHALL ENTER INTO A CONTRACT WITH THE  
29 PRIMARY CONTRACTOR SELECTED TO PROVIDE THE PROGRAM IN EACH  
30 SERVICE AREA.

1 (C) GRANTS.--THE PRIMARY CONTRACTOR SHALL AWARD GRANTS TO  
2 SERVICE PROVIDERS TO IMPLEMENT THE PROGRAM FOR THE SERVICE AREA.  
3 THE GRANTS MUST BE APPROVED BY THE DEPARTMENT.

4 (D) DUTIES OF PRIMARY CONTRACTOR.--THE PRIMARY CONTRACTOR  
5 SHALL DO ALL OF THE FOLLOWING:

6 (1) DEVELOP A PROPOSED PLAN, SUBJECT TO DEPARTMENT  
7 APPROVAL, WHICH MEETS THE TOBACCO USE PREVENTION AND  
8 CESSATION NEEDS IN THE SERVICE AREA AND THE GOALS AND  
9 PRIORITIES ESTABLISHED UNDER SECTION 704(2).

10 (2) AWARD GRANTS TO SERVICE PROVIDERS TO IMPLEMENT THE  
11 PROGRAM IN THE SERVICE AREA IN ACCORDANCE WITH THE PLAN  
12 DEVELOPED AND APPROVED UNDER PARAGRAPH (1). PRIORITY MAY BE  
13 GIVEN TO SERVICE PROVIDERS WHO HAVE EXPERIENCE IN PROVIDING  
14 TOBACCO USE PREVENTION AND CESSATION SERVICES. IN A SERVICE  
15 AREA WITH MULTIPLE SERVICE PROVIDERS, NO INDIVIDUAL SERVICE  
16 PROVIDER SHALL RECEIVE MORE THAN 50% OF THE FUNDS AWARDED TO  
17 THE PRIMARY CONTRACTOR UNLESS OTHERWISE APPROVED BY THE  
18 DEPARTMENT.

19 (3) ESTABLISH TOBACCO REDUCTION GOALS FOR EACH SERVICE  
20 PROVIDER IN THE SERVICE AREA CONSISTENT WITH THE PLAN ADOPTED  
21 UNDER PARAGRAPH (1).

22 (4) ENSURE THAT SERVICE PROVIDERS ARE MEETING THE  
23 PRIORITIES AND GOALS SET FORTH IN THE PLAN.

24 (5) COORDINATE THE PLAN WITH OTHER HEALTH-RELATED  
25 PROGRAMS TO PREVENT OR REDUCE TOBACCO USE BY INDIVIDUALS  
26 RECEIVING SERVICES FROM THESE PROGRAMS.

27 (6) INCREASE PARTICIPATION IN THE PROGRAM BY SCHOOLS IN  
28 THE SERVICE AREA.

29 (7) SOLICIT INPUT FROM HEALTH CARE PROVIDERS, COMMUNITY  
30 ORGANIZATIONS, PUBLIC OFFICIALS AND OTHER INDIVIDUALS AND

1 GROUPS REGARDING THE PLAN FOR EACH SERVICE AREA.

2 (8) COORDINATE EFFORTS WITH LOCAL LAW ENFORCEMENT TO  
3 ENFORCE EXISTING TOBACCO RESTRICTIONS.

4 (9) PREPARE AND SUBMIT REPORTS AS REQUIRED BY THE  
5 DEPARTMENT, WHICH SHALL INCLUDE ALL OF THE FOLLOWING:

6 (I) IDENTIFICATION OF SERVICE PROVIDERS AND GRANT  
7 AMOUNTS FOR EACH SERVICE PROVIDER BY SERVICE AREA BY  
8 FISCAL YEAR.

9 (II) IDENTIFICATION OF SPECIFIC LOCAL GOALS FOR THE  
10 PROGRAM TO BE MET BY SERVICE PROVIDERS FOR EACH SERVICE  
11 AREA.

12 (III) DETAILS OF THE SPENDING PLAN BY SERVICE AREA.

13 (IV) IDENTIFICATION OF INDICATORS USED TO EVALUATE  
14 WHETHER SPECIFIC GOALS HAVE BEEN MET.

15 SECTION 707. SERVICE PROVIDERS.

16 (A) APPLICATIONS.--SERVICE PROVIDERS MUST APPLY TO THE  
17 PRIMARY CONTRACTOR IN THEIR SERVICE AREA FOR A GRANT TO DELIVER  
18 PROGRAM SERVICES IN ACCORDANCE WITH SECTION 706. AN APPLICATION  
19 TO BE A SERVICE PROVIDER MUST INCLUDE A DESCRIPTION OF THE  
20 PURPOSE OF THE SERVICE AND THE MANNER IN WHICH THE SERVICE WILL  
21 REDUCE OR PREVENT TOBACCO USE. THE APPLICATION SHALL INCLUDE THE  
22 METHOD BY WHICH THE SERVICE PROVIDER PROPOSES TO BE EVALUATED.

23 (B) SERVICE PROVIDER ANNUAL REPORT.--A SERVICE PROVIDER  
24 AWARDED A GRANT UNDER THIS CHAPTER SHALL ANNUALLY REPORT TO THE  
25 PRIMARY CONTRACTOR AND TO THE DEPARTMENT ALL OF THE FOLLOWING:

26 (1) EXPENDITURES MADE WITH THE GRANT AWARDS.

27 (2) WHETHER THE GOALS SET BY THE PRIMARY CONTRACTOR HAVE  
28 BEEN MET AND THE METHODOLOGY UTILIZED TO MEASURE PROGRAM  
29 RESULTS.

30 (3) ANY OTHER INFORMATION DEEMED NECESSARY BY THE

1 PRIMARY CONTRACTOR OR THE DEPARTMENT.

2 SECTION 708. CONTRACTS AND PURPOSES.

3 (A) CONTRACTS.--CONTRACTS WITH PRIMARY CONTRACTORS AND  
4 STATEWIDE CONTRACTORS SHALL BE FOR A PERIOD NOT TO EXCEED THREE  
5 YEARS. CONTRACTS SHALL BE AWARDED IN ACCORDANCE WITH 62 PA.C.S.  
6 (RELATING TO PROCUREMENT) AND MAY BE AWARDED ON A MULTIPLE-AWARD  
7 BASIS. FUNDING FOR MULTIYEAR CONTRACTS SHALL BE SUBJECT TO THE  
8 AVAILABILITY OF FUNDS AS APPROPRIATED BY THE GENERAL ASSEMBLY.

9 (B) PURPOSE.--FUNDS ALLOCATED UNDER THIS CHAPTER SHALL BE  
10 USED FOR ALL OF THE FOLLOWING:

11 (1) AT LEAST 70% SHALL BE USED FOR GRANTS TO PRIMARY  
12 CONTRACTORS TO DEVELOP LOCAL PROGRAMS.

13 (2) THE REMAINING FUNDS SHALL BE USED FOR COMPLIANCE  
14 WITH FEDERAL REQUIREMENTS UNDER THE ACT OF DECEMBER 21, 2000  
15 (PUBLIC LAW 106-554, 114 STAT. 2763) AND FOR STATEWIDE  
16 EFFORTS CONSISTENT WITH THE PRIORITIES ESTABLISHED UNDER  
17 SECTION 704(2). AFTER JUNE 30, 2002, NO MORE THAN ONE-HALF OF  
18 THE FUNDS SET ASIDE UNDER THIS PARAGRAPH SHALL BE USED FOR  
19 COUNTER-MARKETING MEDIA CAMPAIGNS. MEDIA CAMPAIGNS PREPARED  
20 FOR TELEVISION OR RADIO MAY BE CONDUCTED THROUGH PUBLIC OR  
21 PRIVATE MEDIA OUTLETS. ALL FUNDS USED FOR SUCH CAMPAIGNS  
22 SHALL BE SPENT TO THE GREATEST EXTENT POSSIBLE ON EFFORTS  
23 THAT HAVE BEEN PROVEN SUCCESSFUL IN OTHER STATES.

24 (C) LIMITATIONS.--THE AGGREGATE AMOUNT OF CONTRACTS AND  
25 GRANTS IN ANY FISCAL YEAR MAY NOT EXCEED THE AMOUNT OF THE  
26 APPROPRIATION TO THE DEPARTMENT FOR THE TOBACCO PREVENTION  
27 PROGRAM IN THAT FISCAL YEAR. THE PROVISION OF A GRANT UNDER THIS  
28 CHAPTER SHALL NOT CONSTITUTE AN ENTITLEMENT DERIVED FROM THE  
29 COMMONWEALTH OR A CLAIM ON ANY OTHER FUNDS OF THE COMMONWEALTH.

30 (D) RESTRICTIONS.--A TOBACCO COMPANY OR AN AGENT OR

1 SUBSIDIARY OF A TOBACCO COMPANY MAY NOT BE AWARDED A CONTRACT OR  
2 GRANT AS A STATEWIDE CONTRACTOR, PRIMARY CONTRACTOR OR SERVICE  
3 PROVIDER.

4 SECTION 709. ACCOUNTABILITY.

5 (A) AUDITS.--CONTRACTS WITH STATEWIDE CONTRACTORS AND  
6 PRIMARY CONTRACTORS AND GRANTS TO SERVICE PROVIDERS SHALL BE  
7 SUBJECT TO AUDIT AS PROVIDED BY LAW. CONTRACTS WITH STATEWIDE  
8 CONTRACTORS AND PRIMARY CONTRACTORS AND GRANTS TO SERVICE  
9 PROVIDERS SHALL BE SUBJECT TO AN ANNUAL AUDIT BY THE DEPARTMENT.  
10 AUDITS OF THESE CONTRACTS AND GRANTS ARE TO BE CONDUCTED IN  
11 ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING  
12 STANDARDS.

13 (B) REVIEW PROCEDURES.--ANY STATEWIDE CONTRACTOR, PRIMARY  
14 CONTRACTOR OR SERVICE PROVIDER THAT RECEIVES A CONTRACT OR A  
15 GRANT UNDER THIS CHAPTER SHALL BE SUBJECT TO A PERFORMANCE  
16 REVIEW BY THE DEPARTMENT. AS APPROPRIATE, THE PERFORMANCE REVIEW  
17 SHALL BE BASED UPON INFORMATION SUBMITTED TO THE DEPARTMENT THAT  
18 INCLUDES THE FOLLOWING:

19 (1) THE CONTRACTOR'S OR SERVICE PROVIDER'S STRATEGIC  
20 GOALS AND OBJECTIVES FOR THE USE OF GRANT MONEYS FOR TOBACCO  
21 USE PREVENTION AND CESSATION.

22 (2) THE CONTRACTOR'S OR SERVICE PROVIDER'S ANNUAL  
23 PERFORMANCE PLAN SETTING FORTH HOW THESE STRATEGIC GOALS AND  
24 OBJECTIVES ARE TO BE ACHIEVED AND THE SPECIFIC METHODOLOGY  
25 FOR EVALUATING RESULTS, ALONG WITH ANY PROPOSED METHODS FOR  
26 IMPROVEMENT.

27 (3) THE CONTRACTOR'S OR SERVICE PROVIDER'S ANNUAL  
28 PERFORMANCE REPORT SETTING FORTH THE SPECIFIC RESULTS IN  
29 ACHIEVING ITS STRATEGIC GOALS AND OBJECTIVES FOR TOBACCO USE  
30 PREVENTION AND CESSATION, INCLUDING ANY CHANGES IN THE

1 INCIDENCE OF TOBACCO USE AMONG TARGET POPULATIONS.

2 (4) THE PROGRESS MADE IN ACHIEVING EXPECTED PROGRAM  
3 PRIORITIES AND GOALS.

4 (5) ANY OTHER INFORMATION DEEMED NECESSARY BY THE  
5 DEPARTMENT.

6 (C) PENALTY.-- IF AN AUDIT OR PERFORMANCE REVIEW INDICATES  
7 THAT A STATEWIDE CONTRACTOR, A PRIMARY CONTRACTOR OR A SERVICE  
8 PROVIDER FAILED TO COMPLY WITH CONTRACT REQUIREMENTS OR MEET  
9 PERFORMANCE GOALS, CONTRACTORS AND PROVIDERS MAY BE SUBJECT TO A  
10 REDUCTION IN OR INELIGIBILITY FOR FUTURE CONTRACT OR GRANT  
11 FUNDING.

12 SECTION 710. MISCELLANEOUS PROVISIONS.

13 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS CHAPTER, THE  
14 DEPARTMENT OR A PRIMARY CONTRACTOR, WITH THE APPROVAL OF THE  
15 DEPARTMENT, MAY AWARD GRANTS THAT PROMOTE HEALTHY LIFESTYLES  
16 THROUGH EDUCATION PROGRAMS WHICH INCORPORATE TOBACCO USE  
17 PREVENTION AND CESSATION SERVICES. EDUCATION PROGRAMS MAY  
18 INCLUDE INTERNET OR COMPUTER-BASED INSTRUCTION AND HEALTH AND  
19 FITNESS GUIDANCE RELATING TO HEALTHY LIFE CHOICES AND THE  
20 DANGERS OF TOBACCO USE IN CONJUNCTION WITH DEVELOPMENTAL AND  
21 INSTRUCTIONAL PROGRAMS FOR SCHOOL ATHLETIC COACHES AND SCHOOL  
22 ATHLETES.

23 CHAPTER 9

24 COMMONWEALTH UNIVERSAL RESEARCH ENHANCEMENT

25 SECTION 901. SCOPE.

26 THIS CHAPTER DEALS WITH COMMONWEALTH UNIVERSAL RESEARCH  
27 ENHANCEMENT EFFORTS.

28 SECTION 902. DEFINITIONS.

29 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
30 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE

1 CONTEXT CLEARLY INDICATES OTHERWISE:

2 "ADVISORY COMMITTEE." THE HEALTH RESEARCH ADVISORY COMMITTEE  
3 ESTABLISHED IN SECTION 903(B).

4 "APPLICANT." ANY OF THE FOLLOWING LOCATED IN THIS  
5 COMMONWEALTH:

6 (1) A PERSON.

7 (2) AN INSTITUTION.

8 (3) AN ENTITY ESTABLISHED UNDER THE ACT OF AUGUST 24,  
9 1951 (P.L.1304, NO.315), KNOWN AS THE LOCAL HEALTH  
10 ADMINISTRATION LAW.

11 "BIOMEDICAL RESEARCH." COMPREHENSIVE RESEARCH PERTAINING TO  
12 THE APPLICATION OF THE NATURAL SCIENCES TO THE STUDY AND  
13 CLINICAL PRACTICE OF MEDICINE AT AN INSTITUTION, INCLUDING  
14 BIOBEHAVIORAL RESEARCH RELATED TO TOBACCO USE.

15 "CLINICAL RESEARCH." PATIENT-ORIENTED RESEARCH WHICH  
16 INVOLVES DIRECT INTERACTION AND STUDY OF THE MECHANISMS OF HUMAN  
17 DISEASE, INCLUDING THERAPEUTIC INTERVENTIONS, CLINICAL TRIALS,  
18 EPIDEMIOLOGICAL AND BEHAVIORAL STUDIES AND THE DEVELOPMENT OF  
19 NEW TECHNOLOGY.

20 "DEPARTMENT." THE DEPARTMENT OF HEALTH OF THE COMMONWEALTH.

21 "HEALTH SERVICES RESEARCH." ANY OF THE FOLLOWING:

22 (1) RESEARCH ON THE PROMOTION AND MAINTENANCE OF HEALTH,  
23 INCLUDING BIOBEHAVIORAL RESEARCH.

24 (2) RESEARCH ON THE PREVENTION AND REDUCTION OF DISEASE.

25 (3) RESEARCH ON THE DELIVERY OF HEALTH CARE SERVICES TO  
26 REDUCE HEALTH RISKS AND TRANSFER RESEARCH ADVANCES TO  
27 COMMUNITY USE.

28 "INFRASTRUCTURE." EQUIPMENT, SUPPLIES, NONPROFESSIONAL  
29 PERSONNEL, LABORATORY OR BUILDING CONSTRUCTION OR RENOVATIONS,  
30 OR THE DEVELOPMENT, ACQUISITION OR MAINTENANCE OF TECHNOLOGY,

1 INCLUDING TRAINING, USED TO CONDUCT RESEARCH.

2 "INSTITUTION." ANY OF THE FOLLOWING LOCATED IN THIS  
3 COMMONWEALTH:

4 (1) A NONPROFIT ENTITY THAT CONDUCTS RESEARCH.

5 (2) A HOSPITAL THAT CONDUCTS RESEARCH AND IS ESTABLISHED  
6 UNDER THE ACT OF JULY 19, 1979 (P.L.130, NO.48), KNOWN AS THE  
7 HEALTH CARE FACILITIES ACT.

8 (3) AN INSTITUTION OF HIGHER EDUCATION THAT CONDUCTS  
9 RESEARCH.

10 "NIH." THE NATIONAL INSTITUTES OF HEALTH.

11 "PEER REVIEW." A PROCESS APPROVED BY THE DEPARTMENT OF  
12 HEALTH OR THE NATIONAL INSTITUTES OF HEALTH IN WHICH A REVIEW  
13 PANEL WHICH INCLUDES THE APPLICANT'S PROFESSIONAL PEERS REVIEWS  
14 AND EVALUATES RESEARCH GRANT APPLICATIONS USING A RATING SYSTEM  
15 OF SCIENTIFIC AND TECHNICAL MERIT.

16 "RESEARCH." BIOMEDICAL, CLINICAL AND HEALTH SERVICES  
17 RESEARCH WHICH MAY INCLUDE INFRASTRUCTURE.

18 "SECRETARY." THE SECRETARY OF HEALTH OF THE COMMONWEALTH.  
19 SECTION 903. HEALTH RESEARCH PROGRAM.

20 (A) PROGRAM ESTABLISHMENT.--

21 (1) THERE IS ESTABLISHED IN THE DEPARTMENT A HEALTH  
22 RESEARCH PROGRAM, WHICH SHALL BE KNOWN AS THE COMMONWEALTH  
23 UNIVERSAL RESEARCH ENHANCEMENT PROGRAM. APPROPRIATIONS FROM  
24 THE FUND TO THE DEPARTMENT SHALL BE USED TO FUND RESEARCH  
25 PROJECTS AND RELATED INFRASTRUCTURE BY ELIGIBLE APPLICANTS.

26 THIS INCLUDES:

27 (I) BIOMEDICAL RESEARCH;

28 (II) CLINICAL RESEARCH; AND

29 (III) HEALTH SERVICES RESEARCH.

30 (2) FUNDS APPROPRIATED FOR THE PROGRAM MAY BE USED TO

1 CONDUCT PEER REVIEWS AND PERFORMANCE REVIEWS.

2 (B) ADVISORY COMMITTEE.--

3 (1) THERE IS HEREBY ESTABLISHED IN THE DEPARTMENT THE  
4 HEALTH RESEARCH ADVISORY COMMITTEE.

5 (2) THE COMMITTEE IS COMPRISED OF THE FOLLOWING:

6 (I) THE SECRETARY OR A DESIGNEE, WHO SHALL SERVE AS  
7 CHAIRPERSON.

8 (II) FOUR MEMBERS APPOINTED BY THE GOVERNOR.

9 (III) ONE MEMBER APPOINTED BY THE PRESIDENT PRO  
10 TEMPORE OF THE SENATE AND ONE MEMBER APPOINTED BY THE  
11 MINORITY LEADER OF THE SENATE.

12 (IV) ONE MEMBER APPOINTED BY THE SPEAKER OF THE  
13 HOUSE OF REPRESENTATIVES AND ONE MEMBER APPOINTED BY THE  
14 MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES.

15 (3) MEMBERS APPOINTED TO THE COMMITTEE BY THE GOVERNOR  
16 MUST POSSESS EXPERTISE IN HEALTH CARE OR RESEARCH, WITH  
17 REPRESENTATION BY INSTITUTION-BASED RESEARCH SPECIALISTS,  
18 PRACTICING CLINICIANS, CLINICAL INVESTIGATORS AND PUBLIC  
19 HEALTH PROFESSIONALS.

20 (4) TERMS ARE AS FOLLOWS:

21 (I) THE SECRETARY SHALL SERVE EX OFFICIO.

22 (II) A MEMBER UNDER PARAGRAPH (2)(II) SHALL SERVE A  
23 TERM OF SIX YEARS.

24 (III) A MEMBER UNDER PARAGRAPH (2)(III) SHALL SERVE  
25 A TERM OF FOUR YEARS BUT MAY BE REMOVED AT THE PLEASURE  
26 OF THE APPOINTING AUTHORITY.

27 (IV) A MEMBER UNDER PARAGRAPH (2)(IV) SHALL SERVE A  
28 TERM OF TWO YEARS BUT MAY BE REMOVED AT THE PLEASURE OF  
29 THE APPOINTING AUTHORITY.

30 (V) AN APPOINTMENT TO FILL A VACANCY SHALL BE FOR

1 THE PERIOD OF THE UNEXPIRED TERM OR UNTIL A SUCCESSOR IS  
2 APPOINTED AND QUALIFIED.

3 (5) THE COMMITTEE SHALL MEET AS NEEDED, BUT AT LEAST  
4 TWICE A YEAR, TO FULFILL THE PURPOSES PROVIDED FOR IN THIS  
5 CHAPTER. A MAJORITY OF THE MEMBERS OF THE COMMITTEE  
6 CONSTITUTES A QUORUM. A MAJORITY OF THE MEMBERS OF THE  
7 COMMITTEE HAS AUTHORITY TO ACT UPON ANY MATTER PROPERLY  
8 BEFORE IT. THE COMMITTEE IS AUTHORIZED TO ESTABLISH RULES FOR  
9 ITS OPERATION AND SHALL HOLD PUBLIC HEARINGS, AS NECESSARY,  
10 TO OBTAIN PUBLIC INPUT AND MAKE RECOMMENDATIONS TO THE  
11 DEPARTMENT REGARDING RESEARCH PRIORITIES, EVALUATION AND  
12 ACCOUNTABILITY PROCEDURES, AND RELATED ISSUES. MEETINGS OF  
13 THE COMMITTEE SHALL BE CONDUCTED UNDER 65 PA.C.S. CH. 7  
14 (RELATING TO OPEN MEETINGS).

15 (6) MEMBERS SHALL RECEIVE NO PAYMENT FOR THEIR SERVICES.  
16 MEMBERS WHO ARE NOT EMPLOYEES OF STATE GOVERNMENT SHALL BE  
17 REIMBURSED FOR NECESSARY AND REASONABLE EXPENSES INCURRED IN  
18 THE COURSE OF THEIR OFFICIAL DUTIES.

19 SECTION 904. DEPARTMENT RESPONSIBILITIES.

20 THE DEPARTMENT HAS THE FOLLOWING POWERS AND DUTIES:

21 (1) ADMINISTER THE HEALTH RESEARCH PROGRAM ESTABLISHED  
22 UNDER THIS CHAPTER.

23 (2) ESTABLISH, IN CONJUNCTION WITH THE HEALTH RESEARCH  
24 ADVISORY COMMITTEE, THE RESEARCH PRIORITIES OF THE  
25 COMMONWEALTH. IN DEVELOPING THESE RESEARCH PRIORITIES, THE  
26 NATIONAL HEALTH PROMOTION AND DISEASE PREVENTION OBJECTIVES  
27 ESTABLISHED BY THE UNITED STATES DEPARTMENT OF HEALTH AND  
28 HUMAN SERVICES, AS APPLIED TO THIS COMMONWEALTH, SHALL BE  
29 CONSIDERED. THE PRIORITIES SHALL INCLUDE THE IDENTIFICATION  
30 OF CRITICAL RESEARCH AREAS, DISPARITIES IN HEALTH STATUS

1        AMONG VARIOUS COMMONWEALTH POPULATIONS, EXPECTED RESEARCH  
2        OUTCOMES AND BENEFITS AND DISEASE PREVENTION AND TREATMENT  
3        METHODOLOGIES. THE PRIORITIES SHALL BE REVIEWED ANNUALLY AND  
4        REVISED AS NECESSARY.

5            (3) EXCEPT AS PROVIDED IN SECTION 905(F) AND (G), REVIEW  
6        APPLICATIONS AND AWARD RESEARCH GRANTS TO APPLICANTS  
7        CONSISTENT WITH THE PRIORITIES ESTABLISHED UNDER PARAGRAPH  
8        (2). RESEARCH GRANTS MAY BE AWARDED FOR A PERIOD NOT TO  
9        EXCEED FOUR YEARS FOR EACH PROJECT.

10           (4) DEVELOP AND IMPLEMENT PEER REVIEW PROCEDURES TO BE  
11        USED FOR THE REVIEW OF GRANT APPLICATIONS FOR PROJECTS FUNDED  
12        PURSUANT TO SECTION 906(2) AND (3).

13           (5) PUBLISH AN ANNUAL REPORT ON ALL RESEARCH FUNDED  
14        UNDER THIS CHAPTER. THE REPORT SHALL INCLUDE:

15            (I) THE AGGREGATE AMOUNT OF RESEARCH GRANTS AWARDED  
16        TO EACH APPLICANT;

17            (II) THE NAME AND ADDRESS OF EACH PRINCIPAL  
18        INVESTIGATOR THAT RECEIVED A GRANT;

19            (III) THE PROJECT TITLE AND PURPOSE;

20            (IV) THE NAME AND EMPLOYER OF EACH PARTICIPATING  
21        RESEARCHER;

22            (V) THE EXPECTED RESEARCH OUTCOMES AND BENEFITS;

23            (VI) THE AMOUNT OF EACH RESEARCH GRANT AWARDED;

24            (VII) AN ANTICIPATED DISBURSEMENT SCHEDULE BY FISCAL  
25        YEAR FOR EACH GRANT AWARDED;

26            (VIII) A REPORT OF EXPENDITURES BY GRANT BY FISCAL  
27        YEAR; AND

28            (IX) A DETAILED SUMMARY OF THE RESEARCH COMPLETED  
29        THAT YEAR.

30           (6) THE REPORT UNDER PARAGRAPH (5) SHALL BE PROVIDED TO

1 THE CHAIR AND MINORITY CHAIR OF THE PUBLIC HEALTH AND WELFARE  
2 COMMITTEE AND THE CHAIR AND MINORITY CHAIR OF THE  
3 APPROPRIATIONS COMMITTEE OF THE SENATE AND THE CHAIR AND  
4 MINORITY CHAIR OF THE HEALTH AND HUMAN SERVICES COMMITTEE AND  
5 THE CHAIR AND MINORITY CHAIR OF THE APPROPRIATIONS COMMITTEE  
6 OF THE HOUSE OF REPRESENTATIVES NO LATER THAN NOVEMBER 30,  
7 2002, AND ANNUALLY THEREAFTER. THE ANNUAL REPORT SHALL BE  
8 MADE AVAILABLE FOR PUBLIC INSPECTION AND POSTED ON THE  
9 DEPARTMENT'S PUBLICLY ACCESSIBLE WORLD WIDE WEB SITE.

10 SECTION 905. PEER REVIEW PROCEDURES.

11 (A) PEER REVIEW REQUIRED.--EXCEPT FOR INFRASTRUCTURE AND FOR  
12 PROJECTS FUNDED UNDER SECTION 906(1), RESEARCH FUNDED UNDER THIS  
13 CHAPTER SHALL BE PEER REVIEWED AND SELECTED IN ACCORDANCE WITH  
14 THIS SECTION.

15 (B) PRIOR PEER REVIEW.--RESEARCH WHICH HAS RECEIVED PEER  
16 REVIEW BY THE NATIONAL INSTITUTES OF HEALTH, THE CENTERS FOR  
17 DISEASE CONTROL OR ANOTHER FEDERAL AGENCY MAY BE APPROVED AND  
18 RANKED FOR FUNDING BY THE DEPARTMENT CONSISTENT WITH THE  
19 PRIORITIES ESTABLISHED UNDER SECTION 904(2).

20 (C) DEPARTMENT PEER REVIEW.--RESEARCH WHICH HAS NOT RECEIVED  
21 PEER REVIEW AS PROVIDED IN SUBSECTION (B) SHALL BE SUBJECT TO  
22 PEER REVIEW BY THE DEPARTMENT IN ACCORDANCE WITH SUBSECTION (D)  
23 PRIOR TO BEING CONSIDERED FOR FUNDING UNDER SECTION 906(2) AND  
24 (3).

25 (D) PEER REVIEW PANELS.--THE DEPARTMENT SHALL ESTABLISH PEER  
26 REVIEW PANELS IN VARIOUS DISCIPLINES, AS NECESSARY, TO REVIEW  
27 RESEARCH GRANT PROPOSALS WHICH ARE CONSISTENT WITH THE  
28 PRIORITIES ESTABLISHED UNDER SECTION 904(2). A PANEL SHALL BE  
29 COMPOSED OF AT LEAST THREE NATIONALLY RECOGNIZED PHYSICIANS,  
30 SCIENTISTS OR RESEARCHERS FROM THE SAME OR SIMILAR DISCIPLINE AS

1 THE RESEARCH GRANT PROPOSAL UNDER REVIEW. MEMBERS OF A PEER  
2 REVIEW PANEL MAY BE RESIDENTS OF OTHER STATES. IN NO CASE SHALL  
3 A MEMBER OF A PEER REVIEW PANEL BE AN EMPLOYEE OF AN APPLICANT  
4 WHOSE GRANT PROPOSAL IS UNDER ITS REVIEW.

5 (E) PANEL REVIEW FACTORS.--A REVIEW PANEL SHALL DETERMINE  
6 ELIGIBILITY FOR GRANT FUNDING BASED ON THE HIGHEST-RANKED PEER  
7 REVIEW SCORES THROUGH A RATING SYSTEM CONSISTENT WITH FEDERAL  
8 RATING STANDARDS AS DEVELOPED BY THE DEPARTMENT. A PANEL SHALL  
9 REVIEW AND RANK RESEARCH PROJECTS ELIGIBLE FOR FUNDING IN A  
10 MANNER WHICH RECOGNIZES SCIENTIFIC AND TECHNICAL MERIT ON THE  
11 BASIS OF SCIENTIFIC NEED, SCIENTIFIC METHOD, RESEARCH DESIGN,  
12 ADEQUACY OF THE FACILITY AND QUALIFICATIONS OF THE RESEARCH  
13 PERSONNEL.

14 (F) ETHICAL STANDARDS.--NO RESEARCH FUNDED UNDER THIS  
15 CHAPTER SHALL BE PERMITTED UNTIL A MEMORANDUM OF UNDERSTANDING  
16 BETWEEN THE APPLICANT AND THE SECRETARY HAS BEEN EXECUTED  
17 SPECIFYING THAT THE RESEARCH TO BE PERFORMED AND ALL INDIVIDUALS  
18 PERFORMING SUCH RESEARCH SHALL BE SUBJECT TO FEDERAL ETHICAL AND  
19 PROCEDURAL STANDARDS OF CONDUCT AS PRESCRIBED BY THE NIH ON THE  
20 DATE THE MEMORANDUM OF UNDERSTANDING IS EXECUTED. RESEARCH  
21 FUNDED UNDER THIS ACT SHALL OBSERVE THE FEDERAL ETHICAL AND  
22 PROCEDURAL STANDARDS REGULATING RESEARCH AND RESEARCH FINDINGS,  
23 INCLUDING PUBLICATIONS AND PATENTS, WHICH ARE OBSERVED UNDER NIH  
24 EXTRAMURAL FUNDING REQUIREMENTS AND NIH GRANTS POLICY STATEMENTS  
25 AND APPLICABLE SECTIONS OF 45 CFR PT.74 (RELATING TO UNIFORM  
26 ADMINISTRATIVE REQUIREMENTS FOR AWARDS AND SUBAWARDS TO  
27 INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, OTHER NONPROFIT  
28 ORGANIZATIONS, AND COMMERCIAL ORGANIZATIONS; AND CERTAIN GRANTS  
29 AND AGREEMENTS WITH STATES, LOCAL GOVERNMENTS AND INDIAN TRIBAL  
30 GOVERNMENTS) AND PT. 92 (RELATING TO UNIFORM ADMINISTRATIVE

1 REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND  
2 LOCAL GOVERNMENTS).

3 (G) ETHICS ADVISORY BOARD.--

4 (1) THE ETHICS ADVISORY BOARD SHALL BE COMPOSED OF SIX  
5 INDIVIDUALS WHO ARE NOT OFFICERS OR EMPLOYEES OF THE  
6 COMMONWEALTH. THE SECRETARY SHALL MAKE APPOINTMENTS TO THE  
7 BOARD FROM AMONG INDIVIDUALS WITH QUALIFICATIONS AND  
8 EXPERIENCE TO PROVIDE ADVICE AND RECOMMENDATIONS REGARDING  
9 ETHICAL MATTERS IN RESEARCH. THE MEMBERS OF THE BOARD SHALL  
10 INCLUDE: ONE ATTORNEY; ONE ETHICIST; ONE PRACTICING  
11 PHYSICIAN; ONE THEOLOGIAN; ONE SCIENTIST WITH EXPERIENCE IN  
12 BIOMEDICAL RESEARCH AND ONE SCIENTIST WITH EXPERIENCE IN  
13 BEHAVIORAL RESEARCH. IN NO CASE SHALL A MEMBER OF THE BOARD  
14 BE AN OFFICER, DIRECTOR, EMPLOYEE OR PAID CONSULTANT OF AN  
15 APPLICANT WHOSE GRANT PROPOSAL IS UNDER REVIEW.

16 (I) A MAJORITY OF THE BOARD SHALL CONSIST OF FOUR  
17 MEMBERS.

18 (II) MEMBERS OF THE BOARD SHALL SERVE AT THE  
19 PLEASURE OF THE SECRETARY.

20 (III) THE SECRETARY SHALL DESIGNATE AN INDIVIDUAL  
21 FROM AMONG THE MEMBERS OF THE BOARD TO SERVE AS THE CHAIR  
22 OF THE BOARD.

23 (IV) A MEMBER OF THE BOARD SHALL RECEIVE NO PAYMENT  
24 FOR SERVICE BUT SHALL BE REIMBURSED BY THE DEPARTMENT FOR  
25 NECESSARY AND REASONABLE EXPENSES INCURRED IN THE COURSE  
26 OF THE MEMBER'S OFFICIAL DUTIES.

27 (V) AN ANNUAL REPORT SETTING FORTH A SUMMATION OF  
28 THE BOARD ACTIVITIES AS WELL AS EACH BOARD DECISION SHALL  
29 BE SUBMITTED NO LATER THAN NOVEMBER 30 OF EACH YEAR TO  
30 THE CHAIR AND MINORITY CHAIR OF THE PUBLIC HEALTH AND

1 WELFARE COMMITTEE OF THE SENATE AND TO THE CHAIR AND  
2 MINORITY CHAIR OF THE HEALTH AND HUMAN SERVICES COMMITTEE  
3 OF THE HOUSE OF REPRESENTATIVES AND SHALL BE MADE  
4 AVAILABLE TO THE PUBLIC.

5 (2) THE BOARD SHALL BE CONVENED BY THE SECRETARY TO  
6 ADVISE AND MAKE RECOMMENDATIONS WHEN A RESEARCH PROJECT MAY  
7 BE DENIED DUE TO ETHICAL CONSIDERATIONS, CONSISTENT WITH THE  
8 STANDARDS SET FORTH IN SUBSECTION (F) THAT ARE IN EFFECT ON  
9 THE DATE THE BOARD IS CONVENED.

10 (I) THE DEPARTMENT SHALL NOTIFY THE RESEARCH  
11 APPLICANT OF THE INITIATION OF AN ETHICS REVIEW. THE  
12 APPLICANT SHALL HAVE THE OPPORTUNITY TO PROVIDE COMMENT  
13 ON THE ETHICAL CONSIDERATIONS OF THE PROJECT TO THE  
14 BOARD. THE BOARD MAY RECEIVE OTHER COMMENTS OR  
15 INFORMATION TO ASSIST IN ITS REVIEW.

16 (II) THE BOARD SHALL HAVE ACCESS TO ALL RELEVANT  
17 INFORMATION POSSESSED BY THE DEPARTMENT REGARDING THE  
18 RESEARCH PROJECT.

19 (III) WITHIN 60 DAYS OF INITIATING ITS REVIEW, THE  
20 BOARD SHALL SUBMIT TO THE SECRETARY A REPORT WITH ITS  
21 FINDINGS AND RECOMMENDATIONS REGARDING THE ETHICAL  
22 CONSIDERATIONS OF THE RESEARCH PROJECT.

23 (3) FUNDING FOR A RESEARCH PROJECT UNDER THIS CHAPTER  
24 SHALL BE DENIED BY THE SECRETARY, BASED ON A FINDING OF  
25 IMPROPER ETHICAL CONSIDERATIONS BY A MAJORITY OF THE BOARD.

26 (4) AS USED IN THIS SUBSECTION, THE FOLLOWING WORDS AND  
27 PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS  
28 PARAGRAPH:

29 "BOARD." THE ETHICS ADVISORY BOARD.

30 "ETHICAL CONSIDERATIONS." MATTERS CONCERNING WHETHER THE

1 PROPOSED CONDUCT OF OR SUBJECT OF THE RESEARCH IS MEDICALLY,  
2 SOCIOLOGICALLY, AND LEGALLY MORAL AND PROPER.

3 (H) FINAL SELECTION.--BASED ON THE PROCEDURES SET FORTH IN  
4 THIS SECTION AND THE RANKINGS ESTABLISHED BY THE RELEVANT PEER  
5 REVIEW PANEL, THE DEPARTMENT SHALL AWARD RESEARCH GRANTS TO  
6 SELECTED APPLICANTS. IN MAKING THESE AWARDS, THE DEPARTMENT  
7 SHALL AVOID UNNECESSARY DUPLICATION, ENSURE RELEVANCE TO THE  
8 APPROPRIATE RESEARCH PRIORITY, ENCOURAGE COLLABORATION BETWEEN  
9 APPLICANTS AND PROVIDE FOR THE DEVELOPMENT OF A COMPLEMENTARY  
10 STATEWIDE RESEARCH PROGRAM.

11 SECTION 906. USE OF FUNDS.

12 RESEARCH PROJECTS CONDUCTED UNDER THIS SECTION SHALL BE  
13 CONSISTENT WITH THE PRIORITIES ESTABLISHED UNDER SECTION 904(2).  
14 FUNDS UNDER THIS SECTION SHALL BE ALLOCATED FOR THE FOLLOWING  
15 PURPOSES:

16 (1) SEVENTY PERCENT OF THE FUNDS APPROPRIATED UNDER THIS  
17 SECTION SHALL BE USED TO FUND RESEARCH, PURSUANT TO SECTION  
18 908.

19 (2) FIFTEEN PERCENT OF THE FUNDS APPROPRIATED UNDER THIS  
20 SECTION SHALL BE USED TO FUND CLINICAL AND HEALTH SERVICES  
21 RESEARCH PROJECTS BY ELIGIBLE APPLICANTS.

22 (3) FIFTEEN PERCENT OF THE FUNDS APPROPRIATED UNDER THIS  
23 SECTION SHALL BE USED TO FUND OTHER RESEARCH PROJECTS BY  
24 ELIGIBLE APPLICANTS.

25 SECTION 907. APPLICATIONS.

26 (A) GENERAL RULE.--AN APPLICATION FOR A RESEARCH GRANT UNDER  
27 SECTION 906 MUST INCLUDE ALL OF THE FOLLOWING, AS APPLICABLE:

28 (1) THE NAME AND ADDRESS OF THE APPLICANT.

29 (2) THE IDENTIFICATION OF PARTICIPATING RESEARCHERS.

30 (3) THE DESCRIPTION OF THE PURPOSE AND METHODOLOGY OF

1 THE RESEARCH PROJECT.

2 (4) AN ACCOUNTING OF PROPOSED EXPENDITURES, TO INCLUDE  
3 SALARY EXPENSES, CAPITAL EQUIPMENT AND CONSTRUCTION OR  
4 RENOVATION.

5 (5) THE EXPECTED RESEARCH OUTCOMES AND BENEFITS.

6 (6) AN EXPLANATION OF THE PROJECT'S EVALUATIVE  
7 PROCEDURES.

8 (7) A LIST OF OTHER PROPOSED FUNDING SOURCES BEING  
9 SOUGHT BY THE APPLICANT FOR THE RESEARCH PROJECT.

10 (8) ANY OTHER INFORMATION DEEMED NECESSARY BY THE  
11 DEPARTMENT.

12 (B) REPORT.--AN APPLICANT RECEIVING A RESEARCH GRANT UNDER  
13 THIS CHAPTER SHALL REPORT ANNUALLY TO THE DEPARTMENT ON THE  
14 PROGRESS OF THE RESEARCH PROJECT, OR AS OFTEN AS THE DEPARTMENT  
15 DEEMS NECESSARY. THE RESULTS OF THE RESEARCH AND OTHER  
16 INFORMATION DEEMED NECESSARY BY THE DEPARTMENT SHALL BE REPORTED  
17 TO THE DEPARTMENT UPON CONCLUSION OF THE RESEARCH PROJECT IN  
18 ACCORDANCE WITH SECTION 910.

19 (C) LIMITATIONS.--

20 (1) AN APPLICANT FOR A RESEARCH GRANT UNDER SECTION 906  
21 MAY NOT EXPEND MORE THAN 50% OF ITS GRANT FOR INFRASTRUCTURE.

22 (2) THE AWARD OF A RESEARCH GRANT SHALL NOT CONSTITUTE  
23 AN ENTITLEMENT DERIVED FROM THE COMMONWEALTH OR A CLAIM ON  
24 ANY FUNDS OF THE COMMONWEALTH.

25 SECTION 908. NATIONAL INSTITUTES OF HEALTH FUNDING FORMULA.

26 (A) ELIGIBILITY.--AN INSTITUTION THAT CONDUCTS RESEARCH IN  
27 THIS COMMONWEALTH AND HAS RECEIVED FUNDING FROM THE NATIONAL  
28 INSTITUTES OF HEALTH DURING EACH OF THE THREE IMMEDIATELY  
29 PRECEDING FEDERAL FISCAL YEARS SHALL BE ELIGIBLE TO RECEIVE A  
30 GRANT PURSUANT TO SECTION 906(1). FOR ONE YEAR FROM THE

1 EFFECTIVE DATE OF THIS ACT, AN INSTITUTION THAT HAS IMMEDIATELY  
2 SUCCEEDED, BY ASSET ACQUISITION, THE RESEARCH FUNCTION OF  
3 ANOTHER INSTITUTION THAT RECEIVED NATIONAL INSTITUTES OF HEALTH  
4 FUNDING DURING ANY OF THE FOUR IMMEDIATELY PRECEDING FISCAL  
5 YEARS SHALL BE CONSIDERED ELIGIBLE TO RECEIVE A GRANT PURSUANT  
6 TO SECTION 906(1).

7 (B) FUND DISTRIBUTION.--FUNDS UNDER THIS SECTION SHALL BE  
8 DISTRIBUTED TO ELIGIBLE INSTITUTIONS AS FOLLOWS:

9 (1) TWENTY PERCENT SHALL BE DISTRIBUTED TO EACH  
10 INSTITUTION THAT RECEIVES MORE THAN \$175,000,000 AS AN  
11 AVERAGE AMOUNT FROM THE NATIONAL INSTITUTES OF HEALTH DURING  
12 THE THREE IMMEDIATELY PRECEDING FEDERAL FISCAL YEARS.

13 (2) SEVENTEEN PERCENT SHALL BE DISTRIBUTED TO EACH  
14 INSTITUTION THAT RECEIVES MORE THAN \$175,000,000 IN FEDERALLY  
15 SPONSORED RESEARCH AND DEVELOPMENT OBLIGATIONS IN THE  
16 IMMEDIATELY AVAILABLE PRECEDING FEDERAL FISCAL YEAR AS  
17 REPORTED BY THE NATIONAL SCIENCE FOUNDATION AND RECEIVES MORE  
18 THAN \$60,000,000 AS AN AVERAGE AMOUNT FROM THE NATIONAL  
19 INSTITUTES OF HEALTH DURING THE THREE IMMEDIATELY PRECEDING  
20 FEDERAL FISCAL YEARS.

21 (3) THE REMAINING FUNDS SHALL BE DISTRIBUTED TO ELIGIBLE  
22 INSTITUTIONS BASED ON THE PERCENTAGE CALCULATED BY DIVIDING  
23 AN INSTITUTION'S AVERAGE AWARD FROM THE NATIONAL INSTITUTES  
24 OF HEALTH FOR THE THREE IMMEDIATELY PRECEDING FEDERAL FISCAL  
25 YEARS BY THE SUM OF THE AVERAGE ANNUAL AWARD FROM THE  
26 NATIONAL INSTITUTES OF HEALTH FOR ALL PENNSYLVANIA-BASED  
27 ELIGIBLE INSTITUTIONS DURING THE THREE IMMEDIATELY AVAILABLE  
28 PRECEDING FEDERAL FISCAL YEARS.

29 (4) AN INSTITUTION IS NOT ELIGIBLE TO RECEIVE FUNDS  
30 UNDER MORE THAN ONE PARAGRAPH OF THIS SUBSECTION.

1 (C) ADDITIONAL REQUIREMENTS.--AN INSTITUTION THAT RECEIVES  
2 \$400,000 OR MORE PURSUANT TO THIS SECTION SHALL INCLUDE THE  
3 FOLLOWING INFORMATION WITH ITS APPLICATION UNDER SECTION 907(A):

4 (1) A PLAN FOR THE TIMELY LICENSURE OR COMMERCIAL  
5 DEVELOPMENT OF RESEARCH RESULTS CONDUCTED UNDER THIS SECTION,  
6 INCLUDING ITS MANAGEMENT OF INTELLECTUAL PROPERTY.

7 (2) STANDARD FORMS OF AGREEMENT DEVELOPED BY THE  
8 INSTITUTION FOR USE IN THE LICENSING OF RESEARCH RESULTS.

9 (3) A PLAN TO ESTABLISH AFFILIATIONS, EXCHANGES,  
10 PARTNERSHIPS OR OTHER COOPERATIVE EFFORTS WITH POSTSECONDARY  
11 EDUCATIONAL INSTITUTIONS TO PROVIDE PROGRAMS TO TRAIN  
12 STUDENTS AND HEALTH PROFESSIONALS IN THE BIOMEDICAL FIELD.

13 (4) A DESCRIPTION OF THE TRAINING OPPORTUNITIES PROVIDED  
14 FOR RESEARCHERS EMPLOYED BY THE INSTITUTION RELATING TO THE  
15 LICENSING AND COMMERCIAL DEVELOPMENT OF RESEARCH.

16 (5) OUTREACH EFFORTS DIRECTED TOWARD INFORMING  
17 BUSINESSES AND BUSINESS ORGANIZATIONS REGARDING RECENT  
18 DEVELOPMENTS IN RESEARCH BEING CONDUCTED BY THE INSTITUTIONS.

19 (6) A PLAN FOR COLLABORATION WITH AN APPLICANT, AN  
20 INSTITUTION, A REGIONAL BIOMEDICAL RESEARCH CENTER UNDER  
21 CHAPTER 17 OR A FOR-PROFIT CORPORATION OR OTHER BUSINESS  
22 ENTITY TO PARTICIPATE IN THE DEVELOPMENT OF RESEARCH.

23 SECTION 909. NATIONAL CANCER INSTITUTE FUNDING FORMULA.

24 (A) ELIGIBILITY.--AN INSTITUTION THAT CONDUCTS RESEARCH IN  
25 THIS COMMONWEALTH AND HAS RECEIVED FUNDING FROM THE NATIONAL  
26 CANCER INSTITUTE DURING EACH OF THE THREE IMMEDIATELY PRECEDING  
27 FEDERAL FISCAL YEARS SHALL BE ELIGIBLE TO RECEIVE A GRANT UNDER  
28 THIS SECTION.

29 (B) FUND DISTRIBUTION.--FUNDS SHALL BE DISTRIBUTED TO AN  
30 ELIGIBLE INSTITUTION BASED ON THE PERCENTAGE CALCULATED BY

1 DIVIDING THAT INSTITUTION'S AVERAGE AWARD FROM THE NATIONAL  
2 CANCER INSTITUTE FOR THE THREE IMMEDIATELY AVAILABLE PRECEDING  
3 FEDERAL FISCAL YEARS BY THE SUM OF THE AVERAGE ANNUAL AWARD FROM  
4 THE NATIONAL CANCER INSTITUTE FOR ALL PENNSYLVANIA-BASED  
5 ELIGIBLE INSTITUTIONS DURING THE THREE IMMEDIATELY AVAILABLE  
6 PRECEDING FEDERAL FISCAL YEARS.

7 (C) INELIGIBILITY.--AN INSTITUTION THAT RECEIVES FUNDING  
8 PURSUANT TO SECTION 908(B)(1) AND (2) SHALL BE INELIGIBLE FOR  
9 FUNDING UNDER THIS SECTION.

10 (D) REQUIREMENTS.--AN INSTITUTION THAT RECEIVES A GRANT  
11 PURSUANT TO THIS SECTION SHALL COMPLY WITH ALL APPLICABLE  
12 REQUIREMENTS OF THIS CHAPTER.

13 SECTION 910. ACCOUNTABILITY PROCEDURES.

14 (A) REQUIREMENTS.--AN APPLICANT THAT RECEIVES A RESEARCH  
15 GRANT UNDER THIS CHAPTER SHALL BE SUBJECT TO A PERFORMANCE  
16 REVIEW BY THE DEPARTMENT UPON COMPLETION OF A RESEARCH PROJECT  
17 OR MORE OFTEN AS DEEMED NECESSARY BY THE DEPARTMENT. THE  
18 PERFORMANCE REVIEW SHALL BE BASED ON AN EVALUATION PROCESS  
19 DEVELOPED BY THE DEPARTMENT IN CONSULTATION WITH THE ADVISORY  
20 COMMITTEE. INFORMATION SHALL BE SUBMITTED BY RESEARCH GRANT  
21 RECIPIENTS AND SHALL INCLUDE, AS APPLICABLE, THE FOLLOWING:

22 (1) THE PROGRESS MADE IN ACHIEVING EXPECTED RESEARCH  
23 GOALS AND OBJECTIVES.

24 (2) THE EXTENT OF CLINICAL ACTIVITIES INITIATED AND  
25 COMPLETED, DETAILING THE NUMBER OF TREATMENT, PREVENTION AND  
26 DIAGNOSTIC STUDIES; THE NUMBER OF HOSPITALS AND HEALTH CARE  
27 PROFESSIONALS; THE NUMBER OF SUBJECTS RELATIVE TO TARGETED  
28 GOALS; AND THE EXTENT OF PENETRATION OF THE STUDIES  
29 THROUGHOUT THE REGION OR THIS COMMONWEALTH.

30 (3) THE NUMBER OF PEER-REVIEWED PUBLICATIONS AND THE

1 NUMBER OF LICENSES AND PATENTS FILED, INCLUDING COMMERCIAL  
2 DEVELOPMENT OPPORTUNITIES.

3 (4) ANY CHANGES IN RISK FACTORS; SERVICES PROVIDED;  
4 INCIDENCE OF DISEASE; DEATH FROM DISEASE; STAGE OF DISEASE AT  
5 THE TIME OF DIAGNOSIS; OR OTHER RELEVANT MEASURES OF THE  
6 OUTCOME, IMPACT AND EFFECTIVENESS OF THE RESEARCH BEING  
7 CONDUCTED.

8 (5) ANY MAJOR DISCOVERIES, NEW DRUGS AND NEW APPROACHES  
9 FOR PREVENTION, DIAGNOSIS AND TREATMENT, WHICH ARE  
10 ATTRIBUTABLE TO THE COMPLETED RESEARCH PROJECT.

11 (6) ANY OTHER INFORMATION DEEMED NECESSARY BY THE  
12 DEPARTMENT.

13 (B) PENALTY.--NOTWITHSTANDING ANY OTHER PROVISION OF THIS  
14 CHAPTER, AN APPLICANT THAT RECEIVES AN UNFAVORABLE REVIEW BY THE  
15 DEPARTMENT UNDER SUBSECTION (A) MAY BE SUBJECT TO A REDUCTION IN  
16 OR INELIGIBILITY FOR RESEARCH GRANT FUNDING UNDER THIS CHAPTER.

## 17 CHAPTER 11

### 18 HOSPITAL UNCOMPENSATED CARE

19 SECTION 1101. SCOPE.

20 THIS CHAPTER DEALS WITH HOSPITAL UNCOMPENSATED CARE.

21 SECTION 1102. DEFINITIONS.

22 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
23 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
24 CONTEXT CLEARLY INDICATES OTHERWISE:

25 "BAD DEBT EXPENSE." THE COST OF CARE FOR WHICH A HOSPITAL  
26 EXPECTED PAYMENT FROM THE PATIENT OR A THIRD-PARTY PAYOR, BUT  
27 WHICH THE HOSPITAL SUBSEQUENTLY DETERMINES TO BE UNCOLLECTIBLE.

28 "CHARITY CARE EXPENSE." THE COST OF CARE FOR WHICH A  
29 HOSPITAL ORDINARILY CHARGES A FEE BUT WHICH IS PROVIDED FREE OR  
30 AT A REDUCED RATE TO PATIENTS WHO CANNOT AFFORD TO PAY BUT WHO

1 ARE NOT ELIGIBLE FOR PUBLIC PROGRAMS, AND FROM WHOM THE HOSPITAL  
2 DID NOT EXPECT PAYMENT IN ACCORDANCE WITH THE HOSPITAL'S CHARITY  
3 CARE POLICY.

4 "CHILDREN'S HEALTH INSURANCE PROGRAM." THE INSURANCE PROGRAM  
5 ESTABLISHED BY ARTICLE XXIII OF THE ACT OF MAY 17, 1921  
6 (P.L.682, NO.284), KNOWN AS THE INSURANCE COMPANY LAW OF 1921.

7 "COUNCIL." THE HEALTH CARE COST CONTAINMENT COUNCIL  
8 ESTABLISHED UNDER THE ACT OF JULY 8, 1986 (P.L.408, NO.89),  
9 KNOWN AS THE HEALTH CARE COST CONTAINMENT ACT.

10 "DEPARTMENT." THE DEPARTMENT OF PUBLIC WELFARE OF THE  
11 COMMONWEALTH.

12 "EMERGENT MEDICALLY NECESSARY SERVICES." IMMEDIATE MEDICAL  
13 CARE CONSISTENT WITH THE DEFINITION OF EMERGENCY SERVICE AS SET  
14 FORTH IN SECTION 2116 OF THE ACT OF MAY 17, 1921 (P.L.682,  
15 NO.284), KNOWN AS THE INSURANCE COMPANY LAW OF 1921.

16 "EXTRAORDINARY EXPENSES." THE COST OF HOSPITAL INPATIENT  
17 SERVICES PROVIDED TO AN UNINSURED PATIENT, WHICH EXCEEDS TWICE  
18 THE HOSPITAL'S AVERAGE COST PER STAY FOR ALL PATIENTS.

19 "HOSPITAL." A HEALTH CARE FACILITY LICENSED AS A HOSPITAL  
20 PURSUANT TO THE ACT OF JULY 19, 1979 (P.L.130, NO.48), KNOWN AS  
21 THE HEALTH CARE FACILITIES ACT OR PURSUANT TO ARTICLE X OF THE  
22 ACT OF JUNE 13, 1967 (P.L.31, NO.21), KNOWN AS THE PUBLIC  
23 WELFARE CODE.

24 "INPATIENT DAY." A BILLING UNIT CORRESPONDING TO EACH DAY AN  
25 INDIVIDUAL STAYS IN A HOSPITAL AS A PATIENT.

26 "INSURER." ANY INSURANCE COMPANY, ASSOCIATION, RECIPROCAL,  
27 HEALTH MAINTENANCE ORGANIZATION, FRATERNAL BENEFITS SOCIETY OR A  
28 RISK-BEARING PREFERRED PROVIDER ORGANIZATION, THAT OFFERS HEALTH  
29 CARE BENEFITS AND IS SUBJECT TO REGULATION UNDER THE ACT OF MAY  
30 17, 1921 (P.L.682, NO.284), KNOWN AS THE INSURANCE COMPANY LAW

1 OF 1921 OR THE ACT OF DECEMBER 29, 1972 (P.L.1701, NO.364),  
2 KNOWN AS THE HEALTH MAINTENANCE ORGANIZATION ACT. THE TERM  
3 INCLUDES AN ENTITY AND ITS SUBSIDIARIES THAT OPERATE SUBJECT TO  
4 THE PROVISIONS OF 40 PA.C.S. CH. 61 (RELATING TO HOSPITAL PLAN  
5 CORPORATIONS) OR 63 (RELATING TO PROFESSIONAL HEALTH SERVICES  
6 PLAN CORPORATIONS).

7 "MEDICAL ASSISTANCE." THE STATE PROGRAM OF MEDICAL  
8 ASSISTANCE ESTABLISHED UNDER ARTICLE IV(F) OF THE ACT OF JUNE  
9 13, 1967 (P.L.31, NO.21), KNOWN AS THE PUBLIC WELFARE CODE.

10 "MEDICAL ASSISTANCE DAY." AN INPATIENT DAY PROVIDED BY A  
11 HOSPITAL TO A PATIENT ENROLLED IN THE STATE PROGRAM OF MEDICAL  
12 ASSISTANCE ESTABLISHED UNDER THE ACT OF JUNE 13, 1967 (P.L.31,  
13 NO.21), KNOWN AS THE PUBLIC WELFARE CODE, OR FOR A SIMILAR  
14 PROGRAM IN OTHER STATES.

15 "MEDICARE SSI DAY." AN INPATIENT DAY PROVIDED BY A HOSPITAL  
16 TO A PATIENT ENROLLED IN BOTH MEDICARE PART A AND SUPPLEMENTAL  
17 SECURITY INCOME (SSI) AS DETERMINED BY THE CENTERS FOR MEDICARE  
18 AND MEDICAID SERVICES.

19 "NET PATIENT REVENUE." THE ESTIMATED NET REALIZED AMOUNTS  
20 FROM PATIENTS, THIRD-PARTY PAYORS AND OTHERS FOR HEALTH CARE  
21 SERVICES RENDERED, INCLUDING ESTIMATED RETROACTIVE ADJUSTMENTS  
22 DUE TO FUTURE AUDITS, REVIEWS, SETTLEMENTS AND INVESTIGATIONS.  
23 RETROACTIVE ADJUSTMENTS ARE ACCRUED ON AN ESTIMATED BASIS IN THE  
24 PERIOD THE RELATIVE SERVICES ARE RENDERED AND ADJUSTED IN FUTURE  
25 PERIODS AS ADJUSTMENTS BECOME KNOWN. THIS AMOUNT SHALL BE EQUAL  
26 TO THE AMOUNT PRESENTED IN THE MOST CURRENT AUDITED FINANCIAL  
27 STATEMENT AS FILED WITH THE COUNCIL.

28 "PUBLICLY FUNDED HEALTH CARE PROGRAM." CARE OR SERVICES  
29 RENDERED BY A GOVERNMENT ENTITY OR ANY FACILITY THEREOF OR  
30 HEALTH CARE SERVICES FOR WHICH PAYMENT IS MADE DIRECTLY OR

1 INDIRECTLY BY A GOVERNMENT ENTITY, INCLUDING, BUT NOT LIMITED  
2 TO, MEDICARE AND MEDICAL ASSISTANCE OR BY THEIR FISCAL  
3 INTERMEDIARY.

4 "QUALIFIED HOSPITAL." AN ELIGIBLE HOSPITAL WHICH HAS AN  
5 UNCOMPENSATED CARE SCORE AT OR EXCEEDING THE MEDIAN SCORE OF ALL  
6 ELIGIBLE HOSPITALS.

7 "UNCOMPENSATED CARE." THE COST OF CARE PROVIDED TO PATIENTS  
8 FINANCIALLY UNABLE OR UNWILLING TO PAY FOR SERVICES PROVIDED BY  
9 A HOSPITAL. THIS COST SHALL BE DETERMINED BY THE COUNCIL  
10 UTILIZING REPORTED DATA AND THE HOSPITAL'S COST TO CHARGE RATIO  
11 AND SHALL INCLUDE CHARITY CARE EXPENSE AND BAD DEBT EXPENSE.

12 "UNINSURED." AN INDIVIDUAL WHO HAS NO HEALTH INSURANCE  
13 COVERAGE, WHOSE COVERAGE DOES NOT REIMBURSE FOR THE MEDICALLY  
14 NECESSARY SERVICES PROVIDED BY A HOSPITAL OR WHO DOES NOT  
15 RECEIVE BENEFITS UNDER A PUBLICLY FUNDED HEALTH CARE PROGRAM.  
16 SECTION 1103. HOSPITAL UNCOMPENSATED CARE PAYMENTS.

17 (A) PROGRAM ESTABLISHMENT.--THERE IS ESTABLISHED IN THE  
18 DEPARTMENT THE HOSPITAL UNCOMPENSATED CARE PROGRAM.  
19 APPROPRIATIONS FROM THE FUND TO THE DEPARTMENT FOR THE HOSPITAL  
20 UNCOMPENSATED CARE PROGRAM PURSUANT TO SECTION 1106(B) SHALL BE  
21 USED TO ANNUALLY COMPENSATE HOSPITALS IN ACCORDANCE WITH SECTION  
22 1104 FOR A PORTION OF THE UNCOMPENSATED CARE PROVIDED TO  
23 PATIENTS.

24 (B) DEPARTMENT RESPONSIBILITIES.--THE DEPARTMENT HAS THE  
25 FOLLOWING POWERS AND DUTIES:

26 (1) ADMINISTER THE HOSPITAL UNCOMPENSATED CARE PROGRAM.

27 (2) DETERMINE THE ELIGIBILITY OF HOSPITALS ON AN ANNUAL  
28 BASIS IN ACCORDANCE WITH SECTION 1104(B). NOTICE OF  
29 ELIGIBILITY SHALL BE PUBLISHED IN THE PENNSYLVANIA BULLETIN  
30 BY APRIL 1 FOR THE FORTHCOMING FISCAL YEAR.

1 (3) CALCULATE UNCOMPENSATED CARE SCORES FOR ELIGIBLE  
2 HOSPITALS UNDER SECTION 1104(C).

3 (4) CALCULATE AND MAKE PAYMENTS TO QUALIFIED HOSPITALS  
4 UNDER SECTION 1104(D) ON AN ANNUAL BASIS.

5 (5) SEEK FEDERAL MATCHING FUNDS UNDER MEDICAL ASSISTANCE  
6 TO SUPPLEMENT PAYMENTS MADE UNDER SECTION 1104.

7 (6) PREPARE AND SUBMIT A REPORT NO LATER THAN NOVEMBER  
8 30, 2002, AND ANNUALLY THEREAFTER TO THE CHAIR AND MINORITY  
9 CHAIR OF THE PUBLIC HEALTH AND WELFARE COMMITTEE AND THE  
10 CHAIR AND MINORITY CHAIR OF THE APPROPRIATIONS COMMITTEE OF  
11 THE SENATE AND THE CHAIR AND MINORITY CHAIR OF THE HEALTH AND  
12 HUMAN SERVICES COMMITTEE AND THE CHAIR AND MINORITY CHAIR OF  
13 THE APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES.  
14 THE ANNUAL REPORT SHALL BE MADE AVAILABLE FOR PUBLIC  
15 INSPECTION AND POSTED ON THE DEPARTMENT'S PUBLICLY ACCESSIBLE  
16 WORLD WIDE WEB SITE. THE REPORT SHALL LIST ALL OF THE  
17 FOLLOWING:

18 (I) THE NAME AND ADDRESS OF EACH ELIGIBLE HOSPITAL.

19 (II) THE NAME, ADDRESS AND PAYMENT AMOUNT FOR EACH  
20 QUALIFIED HOSPITAL.

21 (III) THE HEALTH SYSTEM AFFILIATION OF EACH  
22 QUALIFIED HOSPITAL.

23 (IV) THE UNCOMPENSATED CARE SCORE FOR EACH QUALIFIED  
24 HOSPITAL.

25 (V) THE METHODOLOGY UTILIZED TO COMPUTE THE  
26 UNCOMPENSATED CARE SCORE FOR EACH ELIGIBLE HOSPITAL.

27 (7) NO LATER THAN JUNE 30, 2003, THE DEPARTMENT SHALL  
28 CONTRACT WITH AN INDEPENDENT ENTITY TO EVALUATE THE PAYMENT  
29 METHODOLOGY TO DETERMINE THE EXTENT TO WHICH PAYMENTS UNDER  
30 THIS SECTION ARE MADE TO HOSPITALS WITH THE GREATEST

1 UNCOMPENSATED CARE BURDEN. THE REPORT SHALL CONTAIN  
2 RECOMMENDATIONS TO THE GOVERNOR, THE DEPARTMENT AND THE  
3 GENERAL ASSEMBLY CONCERNING THE PAYMENT METHODOLOGY.

4 (C) INFORMATION COLLECTION.--THE DEPARTMENT SHALL:

5 (1) COLLECT DATA AND INFORMATION AS NECESSARY TO  
6 DETERMINE HOSPITAL ELIGIBILITY FOR PAYMENT UNDER THIS  
7 CHAPTER, INCLUDING THE DEPARTMENT'S MEDICAL ASSISTANCE DATA  
8 FOR MEDICAL ASSISTANCE INPATIENT DAYS PERCENTAGE, THE  
9 UNCOMPENSATED CARE PERCENTAGE AND NET PATIENT REVENUE DATA  
10 FROM THE COUNCIL AND DATA FROM THE CENTERS FOR MEDICARE AND  
11 MEDICAID SERVICES OR THEIR DESIGNEE REGARDING MEDICARE SSI  
12 DAYS PERCENTAGE.

13 (2) CONTACT THE APPROPRIATE DATA SOURCE IF THERE IS  
14 MISSING DATA AND OBTAIN THE NECESSARY INFORMATION.

15 (D) REPORTING REQUIREMENTS.--

16 (1) WITHIN 60 DAYS OF THE EFFECTIVE DATE OF THIS  
17 CHAPTER, THE DEPARTMENT, IN CONSULTATION WITH THE COUNCIL,  
18 SHALL ESTABLISH AN ADVISORY COMMITTEE, COMPRISED OF NINE  
19 INDIVIDUALS WITH EXPERTISE IN HOSPITAL ADMINISTRATION,  
20 HOSPITAL FINANCE AND REIMBURSEMENT AND HOSPITAL PATIENT  
21 ACCOUNTS MANAGEMENT, INCLUDING A REPRESENTATIVE OF THE  
22 DEPARTMENT AND REPRESENTATIVE OF THE COUNCIL. THE PURPOSE OF  
23 THE ADVISORY COMMITTEE SHALL BE TO ASSIST THE DEPARTMENT AND  
24 THE COUNCIL IN IMPROVING THE ACCURACY, CONSISTENCY AND  
25 TIMELINESS OF THE INFORMATION COLLECTED AND USED TO DETERMINE  
26 PAYMENTS TO HOSPITALS UNDER THE HOSPITAL UNCOMPENSATED CARE  
27 PROGRAM. THE ADVISORY COMMITTEE SHALL MAKE RECOMMENDATIONS TO  
28 THE DEPARTMENT CONCERNING THE INFORMATION THAT IS REQUIRED TO  
29 MORE ACCURATELY MEASURE THE AMOUNT OF BAD DEBT EXPENSE  
30 INCURRED AND CHARITY CARE EXPENSE PROVIDED BY HOSPITALS TO

1 UNINSURED PATIENTS IN THIS COMMONWEALTH.

2 (2) WITHIN 180 DAYS OF THE EFFECTIVE DATE OF THIS  
3 CHAPTER, THE DEPARTMENT SHALL DEVELOP AND PROVIDE PUBLIC  
4 NOTICE TO HOSPITALS OF THE UNIFORM REPORTING REQUIREMENTS FOR  
5 UNCOMPENSATED CARE, WHICH SHALL ADDRESS BOTH CHARITY CARE  
6 EXPENSE AND BAD DEBT EXPENSE COMPONENTS. THE UNIFORM  
7 REPORTING REQUIREMENTS FOR CHARITY CARE EXPENSE SHALL  
8 INCORPORATE THE RECOMMENDATIONS OF THE ADVISORY COMMITTEE AND  
9 ADDRESS THE FOLLOWING:

10 (I) PATIENT ELIGIBILITY FOR OTHER PUBLIC OR PRIVATE  
11 COVERAGE.

12 (II) INCOME ELIGIBILITY THRESHOLD BASED ON FAMILY  
13 SIZE.

14 (III) CONSIDERATION OF OTHER RESOURCES AVAILABLE TO  
15 A PATIENT OR RESPONSIBLE PARTY.

16 (IV) PATIENT OR RESPONSIBLE PARTY EMPLOYMENT STATUS  
17 AND EARNING CAPACITY.

18 (V) OTHER FINANCIAL OBLIGATIONS OF THE PATIENT OR  
19 RESPONSIBLE PARTY.

20 (VI) OTHER SOURCES OF FUNDS AVAILABLE TO THE  
21 HOSPITAL SUCH AS ENDOWMENTS OR DONATIONS SPECIFIED FOR  
22 CHARITY CARE.

23 THE UNIFORM REPORTING REQUIREMENTS FOR BAD DEBT EXPENSE SHALL  
24 INCORPORATE THE RECOMMENDATIONS OF THE ADVISORY COMMITTEE AND  
25 SHALL ADDRESS HOSPITAL COLLECTION PROCEDURES FOR UNPAID  
26 PATIENT RESPONSIBILITY, INCLUDING DEDUCTIBLES, COINSURANCE,  
27 COPAYMENTS AND NONCOVERED SERVICES. PATIENTS ARE PRESUMED TO  
28 BE ABLE TO PAY FOR MEDICALLY NECESSARY SERVICES UNTIL AND  
29 UNLESS INFORMATION IS OBTAINED TO INDICATE AN INABILITY OR  
30 REFUSAL TO PAY.

1 (3) FOR FISCAL YEARS BEGINNING ON OR AFTER JANUARY 1,  
2 2002, HOSPITALS SHALL REPORT UNCOMPENSATED CARE INFORMATION  
3 TO THE COUNCIL IN ACCORDANCE WITH THE REPORTING REQUIREMENTS  
4 SET FORTH IN THIS SECTION IN ORDER TO RECEIVE PAYMENTS UNDER  
5 THE HOSPITAL UNCOMPENSATED CARE PROGRAM.

6 SECTION 1104. ELIGIBILITY AND PAYMENT.

7 (A) DETERMINATION OF ELIGIBILITY.--THE DEPARTMENT SHALL  
8 DETERMINE THE ELIGIBILITY OF EACH HOSPITAL FROM INFORMATION  
9 COLLECTED UNDER SECTION 1103.

10 (B) REQUIREMENTS FOR HOSPITALS.--A HOSPITAL IS ELIGIBLE TO  
11 APPLY FOR PAYMENT FROM THE HOSPITAL UNCOMPENSATED CARE PROGRAM  
12 IF THE HOSPITAL HAS A PLAN IN PLACE TO SERVE THE UNINSURED AND:

13 (1) ACCEPTS ALL INDIVIDUALS, REGARDLESS OF THE ABILITY  
14 TO PAY FOR EMERGENT MEDICALLY NECESSARY SERVICES WITHIN THE  
15 SCOPE OF THE HOSPITAL'S SERVICE.

16 (2) SEEKS COLLECTION OF A CLAIM, INCLUDING COLLECTION  
17 FROM AN INSURER OR PAYMENT ARRANGEMENTS WITH THE PERSON WHO  
18 IS RESPONSIBLE FOR PAYMENT OF THE CARE RENDERED.

19 (3) ATTEMPTS TO OBTAIN HEALTH CARE COVERAGE FOR  
20 PATIENTS, INCLUDING ASSISTING PATIENTS IN APPLYING FOR  
21 MEDICAL ASSISTANCE, THE CHILDREN'S HEALTH INSURANCE PROGRAM  
22 OR THE ADULT BASIC COVERAGE INSURANCE PROGRAM ESTABLISHED IN  
23 SECTION 1303(A), WHEN APPLICABLE.

24 (4) ENSURES THAT AN EMERGENCY ADMISSION OR TREATMENT IS  
25 NOT DELAYED OR DENIED PENDING DETERMINATION OF COVERAGE OR  
26 REQUIREMENT FOR PREPAYMENT OR DEPOSIT.

27 (5) POSTS ADEQUATE NOTICE OF THE AVAILABILITY OF MEDICAL  
28 SERVICES AND THE OBLIGATIONS OF HOSPITALS TO PROVIDE FREE  
29 SERVICES.

30 (6) PROVIDES DATA TO THE COUNCIL IN ACCORDANCE WITH

1 SECTION 1103.

2 (C) UNCOMPENSATED CARE SCORING.--THE DEPARTMENT SHALL  
3 ANNUALLY CALCULATE THE UNCOMPENSATED CARE SCORE OF EACH ELIGIBLE  
4 HOSPITAL FROM COLLECTED DATA. IF INFORMATION NECESSARY TO  
5 DETERMINE THE UNCOMPENSATED CARE SCORE OF AN ELIGIBLE HOSPITAL  
6 IS UNAVAILABLE DUE TO THE REFUSAL OF THE HOSPITAL TO PROVIDE THE  
7 INFORMATION, THE HOSPITAL SHALL NOT BE ELIGIBLE FOR PAYMENT FROM  
8 THE HOSPITAL UNCOMPENSATED CARE PROGRAM. IF THE DEPARTMENT  
9 DETERMINES THAT SUCH DATA CANNOT BE PROVIDED AFTER DUE  
10 DILIGENCE, THE DEPARTMENT SHALL USE THE AVERAGE OF THE COLLECTED  
11 DATA. AN ELIGIBLE HOSPITAL'S UNCOMPENSATED CARE SCORE SHALL BE  
12 THE SUM OF THE FOLLOWING, USING THREE-YEAR AVERAGE DATA AS  
13 DETERMINED BY THE DEPARTMENT:

14 (1) THE AMOUNT OF UNCOMPENSATED CARE PROVIDED AS A  
15 PERCENTAGE OF NET PATIENT REVENUE BASED ON THE MOST RECENT  
16 HOSPITAL FINANCIAL ANALYSIS DATA REPORTED TO THE COUNCIL IN  
17 ACCORDANCE WITH THE ACT OF JULY 8, 1986 (P.L.408, NO.89),  
18 KNOWN AS THE HEALTH CARE COST CONTAINMENT ACT.

19 (2) THE NUMBER OF MEDICARE SSI DAYS AS A PERCENTAGE OF  
20 TOTAL INPATIENT DAYS BASED ON THE MOST RECENT DATA AVAILABLE  
21 TO THE DEPARTMENT.

22 (3) THE NUMBER OF MEDICAL ASSISTANCE DAYS AS A  
23 PERCENTAGE OF TOTAL INPATIENT DAYS BASED ON THE MOST RECENT  
24 DATA AVAILABLE TO THE DEPARTMENT.

25 (D) PAYMENT CALCULATION.--A PAYMENT TO A QUALIFIED HOSPITAL  
26 SHALL BE CALCULATED AS FOLLOWS:

27 (1) MULTIPLYING EACH QUALIFIED HOSPITAL'S UNCOMPENSATED  
28 CARE SCORE BY THE THREE-YEAR AVERAGE OF ITS TOTAL REPORTED  
29 INPATIENT DAYS.

30 (2) DIVIDING THE PRODUCT UNDER PARAGRAPH (1) FOR EACH

1 QUALIFIED HOSPITAL BY THE SUM OF THE PRODUCTS UNDER PARAGRAPH  
2 (1) FOR ALL QUALIFIED HOSPITALS.

3 (3) MULTIPLYING THE QUOTIENT UNDER PARAGRAPH (2) BY THE  
4 MONEYS AVAILABLE FOR THE HOSPITAL UNCOMPENSATED CARE PROGRAM.

5 (E) LIMITATIONS.--EXCEPT AS STATED IN SECTION 1106:

6 (1) IN NO CASE SHALL THE SUM OF PAYMENTS TO A QUALIFIED  
7 HOSPITAL UNDER THIS SECTION AND PAYMENTS UNDER THE MEDICAL  
8 ASSISTANCE PROGRAM EXCEED THE AGGREGATE COST OF THE INPATIENT  
9 AND OUTPATIENT SERVICES FURNISHED TO:

10 (I) RECIPIENTS ENTITLED TO MEDICAL BENEFITS UNDER  
11 TITLE XIX OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42  
12 U.S.C. § 1396 ET SEQ.);

13 (II) RECIPIENTS ENTITLED TO MEDICAL BENEFITS UNDER  
14 SECTION 441.1 OF THE ACT OF JUNE 13, 1967 (P.L.31,  
15 NO.21), KNOWN AS THE PUBLIC WELFARE CODE; AND

16 (III) PATIENTS RECEIVING UNCOMPENSATED CARE.

17 (2) IN NO CASE SHALL PAYMENTS MADE UNDER THIS SECTION IN  
18 A FISCAL YEAR EXCEED THE AMOUNT OF MONEY AVAILABLE TO THE  
19 DEPARTMENT FOR THE HOSPITAL UNCOMPENSATED CARE PROGRAM FOR  
20 THAT FISCAL YEAR.

21 (3) IN NO CASE SHALL PAYMENT UNDER THIS SECTION  
22 CONSTITUTE AN ENTITLEMENT DERIVED FROM THE COMMONWEALTH OR A  
23 CLAIM ON ANY OTHER FUNDS OF THE COMMONWEALTH.

24 (4) IN NO CASE SHALL PAYMENT UNDER THIS SECTION TO A  
25 QUALIFIED HOSPITAL EXCEED THE HOSPITAL'S ANNUAL UNCOMPENSATED  
26 CARE AMOUNT AS PROVIDED IN THE COUNCIL'S MOST RECENTLY  
27 PUBLISHED HOSPITAL FINANCIAL REPORT.

28 (F) THREE-YEAR AVERAGE.--FOR PURPOSES OF THIS SECTION, FOR  
29 FISCAL YEARS UP TO AND INCLUDING 2002-2003, THE TERM "THREE-YEAR  
30 AVERAGE" SHALL BE DETERMINED BY THE DEPARTMENT. FOR FISCAL YEARS

1 2003-2004 AND THEREAFTER, THE TERM "THREE-YEAR AVERAGE" SHALL BE  
2 THE AVERAGE OF THE IMMEDIATELY PRECEDING THREE YEARS.

3 (G) MERGERS AND SEPARATIONS.--THE DEPARTMENT SHALL COMBINE  
4 PAYMENTS FOR HOSPITALS WHICH HAVE MERGED INTO A SINGLE ENTITY.  
5 THE DEPARTMENT SHALL FAIRLY ALLOCATE PAYMENTS FOR A HOSPITAL  
6 WHICH SEPARATED INTO TWO OR MORE ENTITIES, AS APPROPRIATE.  
7 SECTION 1105. REIMBURSEMENT FOR EXTRAORDINARY EXPENSE.

8 (A) PROGRAM ESTABLISHMENT.--THERE IS ESTABLISHED IN THE  
9 DEPARTMENT A HOSPITAL EXTRAORDINARY EXPENSE PROGRAM.  
10 APPROPRIATIONS TO THE DEPARTMENT FOR THE HOSPITAL EXTRAORDINARY  
11 EXPENSE PROGRAM PURSUANT TO SECTION 1106(B) SHALL BE USED TO  
12 REIMBURSE HOSPITALS FOR EXTRAORDINARY EXPENSES IN TREATING THE  
13 UNINSURED ON AN INPATIENT HOSPITAL BASIS.

14 (B) DEPARTMENT RESPONSIBILITIES.--THE DEPARTMENT HAS THE  
15 FOLLOWING POWERS AND DUTIES:

16 (1) ADMINISTER THE HOSPITAL EXTRAORDINARY EXPENSE  
17 PROGRAM.

18 (2) COLLECT THE DATA NECESSARY TO ADMINISTER THIS  
19 SECTION, INCLUDING DATA FROM THE COUNCIL.

20 (3) CONTACT THE APPROPRIATE DATA SOURCE IF THERE IS  
21 MISSING DATA AND OBTAIN THE NECESSARY INFORMATION.

22 (4) DETERMINE THE ELIGIBILITY OF HOSPITALS FROM  
23 INFORMATION COLLECTED UNDER PARAGRAPH (2).

24 (5) PAY ELIGIBLE HOSPITALS BY OCTOBER 1 OF EACH FISCAL  
25 YEAR AN AMOUNT CONSISTENT WITH SUBSECTION (D).

26 (6) SEEK FEDERAL MATCHING FUNDS UNDER THE MEDICAL  
27 ASSISTANCE PROGRAM TO SUPPLEMENT PAYMENTS UNDER THIS CHAPTER.

28 (7) PREPARE AND SUBMIT A REPORT NO LATER THAN NOVEMBER  
29 30, 2002, AND ANNUALLY THEREAFTER TO THE CHAIR AND MINORITY  
30 CHAIR OF THE PUBLIC HEALTH AND WELFARE COMMITTEE AND THE

1 CHAIR AND MINORITY CHAIR OF THE APPROPRIATIONS COMMITTEE OF  
2 THE SENATE AND THE CHAIR AND MINORITY CHAIR OF THE HEALTH AND  
3 HUMAN SERVICES COMMITTEE AND THE CHAIR AND MINORITY CHAIR OF  
4 THE APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES.  
5 THE ANNUAL REPORT SHALL ALSO BE MADE AVAILABLE FOR PUBLIC  
6 INSPECTION AND BE POSTED ON THE DEPARTMENT'S PUBLICLY  
7 ACCESSIBLE WORLD WIDE WEB SITE. THE REPORT SHALL LIST ALL OF  
8 THE FOLLOWING:

9 (I) THE NAME, ADDRESS AND PAYMENT AMOUNT FOR EACH  
10 ELIGIBLE HOSPITAL.

11 (II) THE HEALTH SYSTEM AFFILIATION OF EACH ELIGIBLE  
12 HOSPITAL.

13 (III) THE METHODOLOGY AND DATA UTILIZED TO DETERMINE  
14 THE ELIGIBILITY OF EACH HOSPITAL.

15 (C) ELIGIBILITY.--

16 (1) EXCEPT AS PROVIDED IN PARAGRAPH (3), A HOSPITAL MAY  
17 RECEIVE PAYMENT UNDER THIS SECTION IF THE HOSPITAL DOES NOT  
18 QUALIFY FOR PAYMENT UNDER SECTION 1104 AND THE HOSPITAL  
19 PROVIDED UNCOMPENSATED CARE TO A PATIENT WITH EXTRAORDINARY  
20 EXPENSES IN THE MOST RECENT FISCAL YEAR FOR WHICH DATA IS  
21 AVAILABLE.

22 (2) A HOSPITAL RECEIVING PAYMENT UNDER THIS SECTION  
23 SHALL MEET ALL THE REQUIREMENTS OF SECTION 1104(B).

24 (3) A HOSPITAL MAY ELECT TO RECEIVE PAYMENT UNDER THIS  
25 SECTION IN LIEU OF PAYMENT UNDER SECTION 1104.

26 (D) PAYMENT METHODOLOGY.--PAYMENT TO A HOSPITAL UNDER THIS  
27 SECTION SHALL EQUAL THE LESSER OF THE COST OF:

28 (1) THE EXTRAORDINARY EXPENSE CLAIM; OR

29 (2) THE PRORATED AMOUNT OF EACH HOSPITAL'S PERCENTAGE OF  
30 EXTRAORDINARY EXPENSE COSTS AS COMPARED TO ALL ELIGIBLE

1 HOSPITALS' EXTRAORDINARY EXPENSE COSTS, AS APPLIED TO THE  
2 TOTAL FUNDS AVAILABLE IN THE HOSPITAL EXTRAORDINARY EXPENSE  
3 PROGRAM FOR THE FISCAL YEAR.

4 (E) LIMITATIONS.--EXCEPT AS PROVIDED IN SECTION 1106:

5 (1) IN NO CASE SHALL PAYMENTS TO A HOSPITAL UNDER THIS  
6 SECTION EXCEED THE AGGREGATE COST OF SERVICES FURNISHED TO  
7 PATIENTS WITH EXTRAORDINARY EXPENSES.

8 (2) IN NO CASE SHALL THE AGGREGATE AMOUNT OF  
9 EXTRAORDINARY EXPENSE PAYMENTS IN ANY FISCAL YEAR EXCEED THE  
10 AMOUNT OF THE APPROPRIATION TO THE DEPARTMENT FOR THE  
11 HOSPITAL EXTRAORDINARY EXPENSE PROGRAM. THE PROVISION OF  
12 EXTRAORDINARY EXPENSE PAYMENTS UNDER THIS SECTION SHALL NOT  
13 CONSTITUTE AN ENTITLEMENT DERIVED FROM THE COMMONWEALTH OR A  
14 CLAIM ON ANY OTHER FUNDS OF THE COMMONWEALTH.

15 SECTION 1106. AMOUNTS.

16 (A) GENERAL RULE.--THE TOTAL AMOUNT OF FUNDS RECEIVED BY A  
17 HOSPITAL UNDER THIS CHAPTER SHALL NOT EXCEED THE UNCOMPENSATED  
18 CARE AMOUNT REPORTED TO THE COUNCIL.

19 (B) ALLOCATION.--OF THE FUNDS APPROPRIATED FOR THIS CHAPTER,  
20 85% SHALL BE USED FOR PAYMENTS TO HOSPITALS UNDER SECTION 1103  
21 AND 15% SHALL BE USED FOR PAYMENTS TO HOSPITALS UNDER SECTION  
22 1105.

23 SECTION 1107. FEDERAL FUNDS.

24 THE DEPARTMENT SHALL SEEK TO MAXIMIZE ANY FEDERAL FUNDS,  
25 INCLUDING TITLE XIX OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42  
26 U.S.C. § 1396 ET SEQ.), AVAILABLE FOR THE HOSPITAL UNCOMPENSATED  
27 CARE PROGRAM AND THE HOSPITAL EXTRAORDINARY EXPENSE PROGRAM.

28 SECTION 1108. PENALTIES.

29 (A) ASSESSMENT.--THE DEPARTMENT MAY ASSESS AN ADMINISTRATIVE  
30 PENALTY AGAINST A HOSPITAL WHICH NEGLIGENTLY VIOLATES A

1 REQUIREMENT SET FORTH IN THIS CHAPTER.

2 (B) AMOUNT.--THE AMOUNT OF THE PENALTY SHALL BE:

3 (1) NOT MORE THAN \$25,000 FOR A HOSPITAL WITH LESS THAN  
4 100 BEDS; AND

5 (2) NOT MORE THAN \$50,000 FOR A HOSPITAL WITH AT LEAST  
6 100 BEDS.

7 (C) PROCEDURE.--A PENALTY UNDER THIS SECTION IS SUBJECT TO 2  
8 PA.C.S. CHS. 5 SUBCH. A (RELATING TO PRACTICE AND PROCEDURE OF  
9 COMMONWEALTH AGENCIES) AND 7 SUBCH. A (RELATING TO JUDICIAL  
10 REVIEW OF COMMONWEALTH AGENCY ACTION).

11 CHAPTER 13

12 HEALTH INVESTMENT INSURANCE

13 SECTION 1301. SCOPE.

14 THIS CHAPTER DEALS WITH HEALTH INVESTMENT INSURANCE.

15 SECTION 1302. DEFINITIONS.

16 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
17 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
18 CONTEXT CLEARLY INDICATES OTHERWISE:

19 "BENEFIT PACKAGE." INSURANCE COVERAGE WHICH PROVIDES THE  
20 BENEFITS SET FORTH IN SECTION 1303(F)(2) FOR ELIGIBLE ADULTS.

21 "CONTRACTOR." AN INSURER OR OTHER ENTITY OR ITS SUBSIDIARIES  
22 OPERATING UNDER 40 PA.C.S. CH. 61 (RELATING TO HOSPITAL PLAN  
23 CORPORATIONS) OR 63 (RELATING TO PROFESSIONAL HEALTH SERVICES  
24 PLAN CORPORATIONS), OR BOTH.

25 "DEPARTMENT." THE INSURANCE DEPARTMENT OF THE COMMONWEALTH.

26 "ELIGIBLE ADULT." A LOW-INCOME ADULT WHO MEETS ALL OF THE  
27 FOLLOWING:

28 (1) LEGALLY RESIDES WITHIN THE UNITED STATES.

29 (2) HAS BEEN DOMICILED IN THIS COMMONWEALTH FOR AT LEAST  
30 90 DAYS PRIOR TO ENROLLMENT.

1 (3) IS NOT COVERED BY A HEALTH INSURANCE PLAN, A SELF-  
2 INSURANCE PLAN OR A SELF-FUNDED PLAN.

3 (4) HAS NOT BEEN COVERED BY A HEALTH INSURANCE PLAN, A  
4 SELF-INSURANCE PLAN OR A SELF-FUNDED PLAN DURING THE THREE  
5 MONTHS IMMEDIATELY PRECEDING THE DETERMINATION OF  
6 ELIGIBILITY, EXCEPT WHEN ONE OF THE FOLLOWING APPLY:

7 (I) THE LOW-INCOME ADULT IS ELIGIBLE TO RECEIVE  
8 BENEFITS PURSUANT TO THE ACT OF DECEMBER 5, 1936 (2ND  
9 SP.SESS., 1937 P.L.2897, NO.1), KNOWN AS THE UNEMPLOYMENT  
10 COMPENSATION LAW.

11 (II) THE LOW-INCOME ADULT WAS COVERED UNDER ONE OF  
12 THE ABOVE PLANS, BUT AT THE TIME OF APPLICATION FOR  
13 COVERAGE IS NO LONGER EMPLOYED AND IS INELIGIBLE TO  
14 RECEIVE BENEFITS PURSUANT TO THE UNEMPLOYMENT  
15 COMPENSATION LAW.

16 (III) THE LOW-INCOME ADULT IS THE SPOUSE OF A PERSON  
17 WHO MEETS EITHER OF THE EXCEPTIONS SET FORTH IN  
18 SUBPARAGRAPH (I) OR (II) AND BOTH THE ELIGIBLE ADULT AND  
19 THE SPOUSE ARE LOW-INCOME AND APPLYING FOR COVERAGE.

20 (5) IS INELIGIBLE FOR MEDICAL ASSISTANCE OR MEDICARE.

21 "HOSPITAL." A HOSPITAL AS DEFINED AND LICENSED UNDER THE ACT  
22 OF JULY 19, 1979 (P.L.130, NO.48), KNOWN AS THE HEALTH CARE  
23 FACILITIES ACT.

24 "INSURER." AN INSURANCE COMPANY, ASSOCIATION, RECIPROCAL,  
25 HEALTH MAINTENANCE ORGANIZATION, FRATERNAL BENEFIT SOCIETY OR A  
26 RISK-BEARING PREFERRED PROVIDER ORGANIZATION THAT OFFERS HEALTH  
27 CARE BENEFITS AND IS SUBJECT TO REGULATION UNDER THE ACT OF MAY  
28 17, 1921 (P.L.682, NO.284), KNOWN AS THE INSURANCE COMPANY LAW  
29 OF 1921, OR THE ACT OF DECEMBER 29, 1972 (P.L.1701, NO.364),  
30 KNOWN AS THE HEALTH MAINTENANCE ORGANIZATION ACT.

1 "LOW-INCOME ADULT." AN INDIVIDUAL WHO IS AT LEAST 19 YEARS  
2 OF AGE BUT LESS THAN 65 YEARS OF AGE AND WHOSE HOUSEHOLD INCOME  
3 IS LESS THAN 200% OF THE FEDERAL POVERTY LEVEL AT THE TIME OF  
4 ELIGIBILITY DETERMINATION.

5 "MEDICAL ASSISTANCE." THE STATE PROGRAM OF MEDICAL  
6 ASSISTANCE ESTABLISHED UNDER THE ACT OF JUNE 13, 1967 (P.L.31,  
7 NO.21), KNOWN AS THE PUBLIC WELFARE CODE.

8 "MEDICARE." THE FEDERAL PROGRAM ESTABLISHED UNDER TITLE  
9 XVIII OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42 U.S.C. § 1395  
10 ET SEQ.).

11 "OFFEROR." AN INSURER THAT SUBMITS A PROPOSAL IN RESPONSE TO  
12 THE DEPARTMENT'S REQUEST FOR PROPOSALS ISSUED PURSUANT TO  
13 SECTION 1303(F).

14 "PREEXISTING CONDITION." A DISEASE OR PHYSICAL CONDITION FOR  
15 WHICH MEDICAL ADVICE OR TREATMENT HAS BEEN RECEIVED PRIOR TO THE  
16 EFFECTIVE DATE OF COVERAGE.

17 "PROGRAM." THE ADULT BASIC COVERAGE INSURANCE PROGRAM  
18 ESTABLISHED IN SECTION 1303.  
19 SECTION 1303. ADULT BASIC COVERAGE INSURANCE PROGRAM.

20 (A) PROGRAM ESTABLISHMENT.--THERE IS ESTABLISHED IN THE  
21 DEPARTMENT AN ADULT BASIC COVERAGE INSURANCE PROGRAM. FUND  
22 APPROPRIATIONS TO THE DEPARTMENT FOR THE PROGRAM SHALL BE USED  
23 FOR CONTRACTS TO PROVIDE BASIC HEALTH CARE INSURANCE FOR  
24 ELIGIBLE ADULTS AND OUTREACH ACTIVITIES. THE DEPARTMENT SHALL,  
25 TO THE GREATEST EXTENT PRACTICABLE, ENSURE THAT ALL ELIGIBLE  
26 ADULTS IN THIS COMMONWEALTH HAVE ACCESS TO THE PROGRAM  
27 ESTABLISHED IN THIS SECTION.

28 (B) ELIGIBLE ADULT RESPONSIBILITIES.--AN ELIGIBLE ADULT  
29 SEEKING TO PURCHASE ADULT BASIC COVERAGE INSURANCE SHALL:

30 (1) SUBMIT AN APPLICATION TO THE DEPARTMENT.

1           (2) PAY TO THE DEPARTMENT OR ITS CONTRACTOR AN AMOUNT OF  
2           \$30 PER MONTH OF COVERAGE. BEGINNING JANUARY 1, 2003, THE  
3           MONTHLY PAYMENT AMOUNT SHALL BE ADJUSTED BASED ON THE ANNUAL  
4           CHANGE IN THE CONSUMER PRICE INDEX FOR THE 12 PRECEDING  
5           MONTHS FOR WHICH DATA IS AVAILABLE. NOTIFICATION OF ANY  
6           CHANGE IN THE MONTHLY PAYMENT AMOUNT SHALL BE PROVIDED TO  
7           ELIGIBLE ADULTS PARTICIPATING IN THE PROGRAM.

8           (3) BE RESPONSIBLE FOR ANY REQUIRED COPAYMENTS FOR  
9           HEALTH CARE SERVICES RENDERED UNDER THE BENEFIT PACKAGE IN  
10          SUBSECTION (F)(2).

11          (4) NOTIFY THE DEPARTMENT OR ITS CONTRACTOR OF ANY  
12          CHANGE IN THE ELIGIBLE ADULT'S INCOME.

13          (C) PURCHASE OF INSURANCE.--AN ELIGIBLE ADULT'S PAYMENT TO  
14          THE DEPARTMENT OR ITS CONTRACTOR UNDER SUBSECTION (B)(2) SHALL  
15          BE USED TO PURCHASE THE BENEFIT PACKAGE AND SHALL BE RECEIVED IN  
16          A TIMELY MANNER. THE APPROPRIATIONS FOR THE PROGRAM SHALL BE  
17          USED BY THE DEPARTMENT TO PAY THE DIFFERENCE BETWEEN THE PREMIUM  
18          COST OF THE BENEFIT PACKAGE AND THE ELIGIBLE ADULT'S PAYMENT.  
19          SUBSIDIZATION OF THE BENEFIT PACKAGE IS CONTINGENT UPON THE  
20          AMOUNT OF THE APPROPRIATIONS TO THE PROGRAM AND LIMITED TO  
21          ELIGIBLE ADULTS IN COMPLIANCE WITH SUBSECTION (B). NOTHING UNDER  
22          THIS SECTION SHALL CONSTITUTE AN ENTITLEMENT DERIVED FROM THE  
23          COMMONWEALTH OR A CLAIM ON ANY FUNDS OF THE COMMONWEALTH.

24          (D) POTENTIAL WAITING LIST.--THE DEPARTMENT SHALL MAINTAIN A  
25          WAITING LIST OF ELIGIBLE ADULTS WHO HAVE APPLIED FOR ADULT BASIC  
26          COVERAGE INSURANCE BUT WHO ARE NOT ENROLLED DUE TO INSUFFICIENT  
27          APPROPRIATIONS. AN ELIGIBLE ADULT ON THE WAITING LIST MAY  
28          PURCHASE THE BENEFIT PACKAGE AT THE MONTHLY PER MEMBER PREMIUM  
29          COST NEGOTIATED BY THE DEPARTMENT.

30          (E) DEPARTMENT RESPONSIBILITIES.--THE DEPARTMENT SHALL:

1 (1) ADMINISTER THE ADULT BASIC COVERAGE INSURANCE  
2 PROGRAM ON A STATEWIDE BASIS.

3 (2) ENTER INTO CONTRACTS FOR HEALTH CARE INSURANCE IN  
4 ACCORDANCE WITH 62 PA.C.S. (RELATING TO PROCUREMENT). THE  
5 DEPARTMENT MAY AWARD CONTRACTS ON A MULTIPLE AWARD BASIS.

6 (3) CONDUCT MONITORING, OVERSIGHT AND AUDITS OF EXECUTED  
7 CONTRACTS FOR ENFORCEMENT PURPOSES.

8 (4) ENSURE THAT THE ELIGIBILITY OF ENROLLED INDIVIDUALS  
9 RECEIVING SUBSIDIZATION OF THE BENEFIT PACKAGE IS  
10 REDETERMINED ON AN ANNUAL BASIS.

11 (5) IN CONSULTATION WITH APPROPRIATE COMMONWEALTH  
12 AGENCIES, MONITOR, REVIEW AND EVALUATE THE INSURER'S BENEFIT  
13 PACKAGE FOR THE ADEQUACY, ACCESSIBILITY AND AVAILABILITY OF  
14 THE SERVICES REQUIRED UNDER SUBSECTION (F).

15 (6) IN CONSULTATION WITH APPROPRIATE COMMONWEALTH  
16 AGENCIES, ESTABLISH AND COORDINATE THE DEVELOPMENT,  
17 IMPLEMENTATION AND SUPERVISION OF AN OUTREACH PLAN.

18 (7) PREPARE AND SUBMIT, BY NOVEMBER 30, 2002, AND  
19 ANNUALLY THEREAFTER, A REPORT TO THE CHAIR AND MINORITY CHAIR  
20 OF THE BANKING AND INSURANCE COMMITTEE OF THE SENATE AND TO  
21 THE CHAIR AND MINORITY CHAIR OF THE INSURANCE COMMITTEE OF  
22 THE HOUSE OF REPRESENTATIVES REGARDING THE NUMBER OF ELIGIBLE  
23 ADULTS PURCHASING THE ADULT BASIC COVERAGE INSURANCE, WITH A  
24 GEOGRAPHIC DISTRIBUTION; THE INSURERS PARTICIPATING IN THE  
25 PROGRAM; THE SCOPE OF THE SERVICES BEING PROVIDED, THE LEVEL  
26 OF OUTREACH; THE COST OF THE INSURANCE; AND THE AMOUNT AN  
27 ELIGIBLE ADULT CONTRIBUTES TOWARD THE INSURANCE, INCLUDING  
28 ANY COPAYMENTS AND ADJUSTMENTS DUE TO THE CONSUMER PRICE  
29 INDEX ADJUSTMENT FACTOR UNDER SUBSECTION (B)(2). THE ANNUAL  
30 REPORT SHALL BE MADE AVAILABLE FOR PUBLIC INSPECTION AND

1 POSTED ON THE DEPARTMENT'S PUBLICLY ACCESSIBLE WORLD WIDE WEB  
2 SITE.

3 (F) REQUEST FOR PROPOSALS.--IN ACCORDANCE WITH SUBSECTION  
4 (E)(2), THE DEPARTMENT SHALL ISSUE A REQUEST FOR PROPOSALS FOR  
5 THE ADULT BASIC COVERAGE INSURANCE. THE REQUEST SHALL REQUIRE:

6 (1) AN OFFEROR TO ASSURE THAT IF SELECTED AS A  
7 CONTRACTOR IT WILL DO ALL OF THE FOLLOWING:

8 (I) ENSURE THAT ELIGIBLE ADULTS HAVE ACCESS TO  
9 PRIMARY HEALTH CARE PHYSICIANS AND NURSE PRACTITIONERS.

10 (II) CONTRACT WITH QUALIFIED, COST-EFFECTIVE  
11 PROVIDERS, WHICH MAY INCLUDE PRIMARY HEALTH CARE  
12 PHYSICIANS, NURSE PRACTITIONERS, CLINICS AND HEALTH  
13 MAINTENANCE ORGANIZATIONS, TO PROVIDE HEALTH CARE FOR  
14 ELIGIBLE ADULTS IN A MANNER THAT BEST MANAGES THE COSTS  
15 OF THE SERVICES AND UTILIZES OTHER APPROPRIATE MEDICAL  
16 COST-MANAGEMENT METHODS.

17 (III) ENSURE THAT THE INDIVIDUAL APPLYING FOR  
18 COVERAGE IS AN ELIGIBLE ADULT. IF A REVIEW OF THE  
19 INDIVIDUAL'S APPLICATION FOR COVERAGE INDICATES THAT THE  
20 INDIVIDUAL IS NOT ELIGIBLE FOR ADULT BASIC COVERAGE  
21 INSURANCE BUT MAY BE ELIGIBLE FOR MEDICAL ASSISTANCE, THE  
22 APPLICATION FOR BENEFITS AND ALL ACCOMPANYING  
23 DOCUMENTATION SHALL BE PROMPTLY TRANSMITTED TO THE  
24 APPROPRIATE COUNTY ASSISTANCE OFFICE FOR A DETERMINATION  
25 OF ELIGIBILITY FOR MEDICAL ASSISTANCE OR OTHER FEDERAL,  
26 STATE AND LOCAL RESOURCES AVAILABLE TO THE INDIVIDUAL.

27 (IV) NOT PROHIBIT ENROLLMENT BASED UPON A  
28 PREEXISTING CONDITION NOR EXCLUDE A DIAGNOSIS OR  
29 TREATMENT FOR THE CONDITION BASED ON THE CONDITION'S  
30 PREEXISTENCE.

1 (V) PROVIDE THE BENEFIT PACKAGE TO ELIGIBLE ADULTS  
2 CONSISTENT WITH THE SCOPE AND DURATION REQUIREMENTS OF  
3 THE REQUEST FOR PROPOSALS.

4 (VI) PROVIDE AN INSURANCE IDENTIFICATION CARD TO  
5 EACH ELIGIBLE ADULT COVERED UNDER A CONTRACT EXECUTED  
6 UNDER THIS SECTION. THE CARD SHALL NOT IDENTIFY THE  
7 ELIGIBLE ADULT AS LOW INCOME.

8 (VII) REQUIRE EACH PRIMARY CARE PHYSICIAN PROVIDING  
9 PRIMARY CARE SERVICES UNDER THIS SECTION TO MAKE  
10 NECESSARY ARRANGEMENTS FOR ADMISSION TO HOSPITALS AND FOR  
11 NECESSARY SPECIALTY CARE.

12 (VIII) NOT PAY ANY CLAIM ON BEHALF OF AN ELIGIBLE  
13 ADULT UNLESS ALL OTHER FEDERAL, STATE AND LOCAL RESOURCES  
14 ARE FIRST UTILIZED.

15 (2) A BENEFIT PACKAGE WITH SCOPE AND DURATION DETERMINED  
16 BY THE DEPARTMENT THAT INCLUDES:

17 (I) PREVENTIVE CARE.

18 (II) PHYSICIAN SERVICES.

19 (III) DIAGNOSIS AND TREATMENT OF ILLNESS OR INJURY,  
20 INCLUDING ALL MEDICALLY NECESSARY COVERED SERVICES  
21 RELATED TO THE DIAGNOSIS AND TREATMENT OF SICKNESS AND  
22 INJURY AND OTHER CONDITIONS PROVIDED ON AN AMBULATORY  
23 BASIS, SUCH AS LABORATORY TESTS, X-RAYS, WOUND DRESSING  
24 AND CASTING TO IMMOBILIZE FRACTURES.

25 (IV) INPATIENT HOSPITALIZATION.

26 (V) OUTPATIENT HOSPITAL SERVICES.

27 (VI) EMERGENCY ACCIDENT AND EMERGENCY MEDICAL CARE.

28 (G) PROPOSALS.--UPON PUBLICATION OF A REQUEST FOR PROPOSALS,  
29 AN ENTITY AND ITS SUBSIDIARIES THAT OPERATE SUBJECT TO THE  
30 PROVISIONS OF 40 PA.C.S. CH. 61 (RELATING TO HOSPITAL PLAN

1 CORPORATIONS) OR 63 (RELATING TO PROFESSIONAL HEALTH SERVICES  
2 PLAN CORPORATIONS), OR BOTH, SHALL SUBMIT A PROPOSAL TO THE  
3 DEPARTMENT TO CARRY OUT THE PURPOSES OF THIS SECTION. UPON  
4 PUBLICATION OF A REQUEST FOR PROPOSALS, AN INSURER DOING  
5 BUSINESS IN THIS COMMONWEALTH MAY SUBMIT A PROPOSAL TO THE  
6 DEPARTMENT TO CARRY OUT THE PURPOSES OF THIS SECTION.

7 (H) REVIEWING, SCORING AND SELECTION OF PROPOSALS.--THE  
8 DEPARTMENT SHALL REVIEW AND SCORE THE PROPOSALS ON THE BASIS OF  
9 ALL OF THE REQUIREMENTS FOR THE ADULT BASIC COVERAGE INSURANCE  
10 PROGRAM. THE DEPARTMENT MAY INCLUDE SUCH OTHER CRITERIA IN THE  
11 REQUEST FOR PROPOSALS AND IN THE SCORING AND SELECTION OF THE  
12 PROPOSALS THAT THE DEPARTMENT, IN THE EXERCISE OF ITS  
13 ADMINISTRATIVE DUTIES UNDER THIS SECTION, DEEMS NECESSARY;  
14 HOWEVER, THE DEPARTMENT SHALL:

15 (1) SELECT, TO THE GREATEST EXTENT PRACTICABLE, OFFERORS  
16 THAT CONTRACT WITH PROVIDERS TO PROVIDE HEALTH CARE SERVICES  
17 ON A COST-EFFECTIVE BASIS. THE DEPARTMENT SHALL SELECT  
18 OFFERORS THAT USE APPROPRIATE COST-MANAGEMENT METHODS THAT  
19 ENABLE THE PROGRAM TO PROVIDE COVERAGE TO THE MAXIMUM NUMBER  
20 OF ELIGIBLE ADULTS AND THAT, WHENEVER POSSIBLE, PURSUE AND  
21 UTILIZE AVAILABLE PUBLIC AND PRIVATE FUNDS.

22 (2) SELECT, TO THE GREATEST EXTENT PRACTICABLE, ONLY  
23 OFFERORS THAT COMPLY WITH ALL PROCEDURES RELATING TO  
24 COORDINATION OF BENEFITS AS REQUIRED BY THE DEPARTMENT AND  
25 THE DEPARTMENT OF PUBLIC WELFARE.

26 (3) SELECT OFFERORS THAT LIMIT ADMINISTRATIVE EXPENSES  
27 TO NO MORE THAN 10% OF THE AMOUNT OF ANY CONTRACT. IF AFTER  
28 THE FIRST TWO FULL YEARS OF OPERATION ANY CONTRACTOR PRESENTS  
29 DOCUMENTED EVIDENCE THAT ADMINISTRATIVE EXPENSES ARE IN  
30 EXCESS OF 10% OF THE AMOUNT OF THE CONTRACT, THE DEPARTMENT

1 MAY MAKE AN ADDITIONAL PAYMENT, NOT TO EXCEED 1% OF THE  
2 AMOUNT OF THE CONTRACT, FOR FUTURE ADMINISTRATIVE EXPENSES TO  
3 THE CONTRACTOR TO THE EXTENT THAT THE DEPARTMENT FINDS THE  
4 EXPENSES REASONABLE AND NECESSARY.

5 (I) NEGOTIATIONS.--THE DEPARTMENT SHALL NOT NEGOTIATE A  
6 CONTRACT FOR A PERIOD IN EXCESS OF THREE YEARS.

7 (J) LIMITATION.--IN NO CASE SHALL THE TOTAL AGGREGATE AMOUNT  
8 OF ANNUAL CONTRACTS ENTERED INTO PURSUANT TO THIS SECTION EXCEED  
9 THE AMOUNT OF THE AGGREGATE ANNUAL APPROPRIATIONS TO THE  
10 DEPARTMENT FOR THE ADULT BASIC COVERAGE INSURANCE PROGRAM.  
11 SECTION 1304. ACCOUNTABILITY.

12 THREE YEARS AFTER THE EFFECTIVE DATE OF THIS CHAPTER, THE  
13 INSURANCE DEPARTMENT SHALL CONDUCT A PERFORMANCE REVIEW OF THE  
14 INSURANCE CONTRACTORS SELECTED TO PROVIDE SERVICES UNDER THE  
15 ADULT BASIC COVERAGE INSURANCE PROGRAM. THE PERFORMANCE REVIEW  
16 SHALL BE BASED ON THE REPORT PREPARED PURSUANT TO SECTION  
17 1303(E)(7) AND SHALL INCLUDE THE FOLLOWING: THE STRATEGIC GOALS  
18 AND OBJECTIVES FOR THE PROGRAM, A DETERMINATION OF WHETHER THE  
19 STRATEGIC GOALS AND OBJECTIVES WERE ACHIEVED BY THE CONTRACTORS  
20 AND SPECIFIC METHODOLOGY FOR EVALUATING THE RESULTS ALONG WITH  
21 ANY PROPOSED RECOMMENDATIONS FOR IMPROVEMENT.

## 22 CHAPTER 15

### 23 MEDICAL ASSISTANCE FOR WORKERS WITH DISABILITIES

24 SECTION 1501. SCOPE.

25 THIS CHAPTER DEALS WITH MEDICAL ASSISTANCE FOR WORKERS WITH  
26 DISABILITIES.

27 SECTION 1502. DEFINITIONS.

28 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
29 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
30 CONTEXT CLEARLY INDICATES OTHERWISE:

1 "DEPARTMENT." THE DEPARTMENT OF PUBLIC WELFARE OF THE  
2 COMMONWEALTH.

3 "MEDICAL ASSISTANCE." THE STATE PROGRAM OF MEDICAL  
4 ASSISTANCE ESTABLISHED UNDER THE ACT OF JUNE 13, 1967 (P.L.31,  
5 NO.21), KNOWN AS THE PUBLIC WELFARE CODE.

6 "MEDICARE." THE FEDERAL PROGRAM ESTABLISHED UNDER TITLE  
7 XVIII OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42 U.S.C. § 1395  
8 ET SEQ.).

9 "MONTHLY INCOME." THE MONTHLY INCOME OF AN INDIVIDUAL AS  
10 DETERMINED BY THE DEPARTMENT OF PUBLIC WELFARE WHEN DETERMINING  
11 ELIGIBILITY FOR MEDICAL ASSISTANCE.

12 "WORKER WITH A DISABILITY." AN INDIVIDUAL WHO MEETS ALL OF  
13 THE FOLLOWING:

14 (1) IS AT LEAST 16 YEARS OF AGE BUT LESS THAN 65 YEARS  
15 OF AGE;

16 (2) IS EMPLOYED AND RECEIVING COMPENSATION;

17 (3) IS ELIGIBLE TO RECEIVE SUPPLEMENTAL SECURITY INCOME  
18 EXCEPT FOR EARNINGS AND RESOURCES THAT EXCEED THE LIMIT  
19 ESTABLISHED IN SECTION 1905 OF THE SOCIAL SECURITY ACT (49  
20 STAT. 620, 42 U.S.C. § 1396D(Q)(2)(B));

21 (4) HAS MONTHLY INCOME BELOW 250% OF THE FEDERAL POVERTY  
22 INCOME GUIDELINES; AND

23 (5) HAS COUNTABLE RESOURCES EQUAL TO OR LESS THAN  
24 \$10,000.

25 "WORKER WITH A MEDICALLY IMPROVED DISABILITY." AN INDIVIDUAL  
26 WHO MEETS ALL OF THE FOLLOWING:

27 (1) IS AT LEAST 16 YEARS OF AGE BUT LESS THAN 65 YEARS  
28 OF AGE;

29 (2) IS EMPLOYED AT LEAST 40 HOURS PER MONTH AND IS  
30 EARNING AT LEAST THE APPLICABLE MINIMUM WAGE UNDER SECTION 6

1 OF THE FAIR LABOR STANDARDS ACT OF 1938 (52 STAT. 1060, 29  
2 U.S.C. § 206);

3 (3) WAS PREVIOUSLY A WORKER WITH A DISABILITY AND  
4 PARTICIPATED IN MEDICAL ASSISTANCE;

5 (4) HAS MONTHLY INCOME BELOW 250% OF THE FEDERAL POVERTY  
6 INCOME GUIDELINES; AND

7 (5) HAS COUNTABLE RESOURCES EQUAL TO OR LESS THAN  
8 \$10,000.

9 SECTION 1503. MEDICAL ASSISTANCE BENEFITS FOR WORKERS WITH  
10 DISABILITIES AND WORKERS WITH MEDICALLY IMPROVED  
11 DISABILITIES.

12 (A) PROGRAM ESTABLISHMENT.--THERE IS ESTABLISHED IN THE  
13 DEPARTMENT A MEDICAL ASSISTANCE PURCHASE PROGRAM FOR WORKERS  
14 WITH DISABILITIES AND WORKERS WITH MEDICALLY IMPROVED  
15 DISABILITIES. APPROPRIATIONS TO THE DEPARTMENT FROM THE FUND FOR  
16 THE PROGRAM SHALL BE USED BY THE DEPARTMENT TO PROVIDE MEDICAL  
17 ASSISTANCE TO A WORKER WITH A DISABILITY OR A WORKER WITH A  
18 MEDICALLY IMPROVED DISABILITY.

19 (B) WORKER WITH A DISABILITY OR WORKER WITH A MEDICALLY  
20 IMPROVED DISABILITY RESPONSIBILITIES.--A WORKER WITH A  
21 DISABILITY OR A WORKER WITH A MEDICALLY IMPROVED DISABILITY  
22 SEEKING TO PURCHASE MEDICAL ASSISTANCE BENEFITS SHALL:

23 (1) PAY TO THE DEPARTMENT OR ITS DESIGNEE 5% OF THE  
24 WORKER'S MONTHLY INCOME IN A MANNER TO BE DETERMINED BY THE  
25 DEPARTMENT.

26 (2) NOTIFY THE DEPARTMENT OR ITS DESIGNEE OF ANY CHANGE  
27 IN THE WORKER'S MONTHLY INCOME IN A MANNER TO BE DETERMINED  
28 BY THE DEPARTMENT.

29 (3) FAILURE OF A WORKER WITH A DISABILITY OR A WORKER  
30 WITH A MEDICALLY IMPROVED DISABILITY TO MAKE PAYMENTS IN

1 ACCORDANCE WITH PARAGRAPH (1) WILL RESULT IN THE TERMINATION  
2 OF MEDICAL ASSISTANCE COVERAGE.

3 (C) PROVISION OF BENEFITS.--UPON RECEIPT OF A WORKER'S  
4 PAYMENT UNDER SUBSECTION (B)(1), THE DEPARTMENT OR ITS DESIGNEE  
5 SHALL PROVIDE TO THE WORKER MEDICAL ASSISTANCE BENEFITS AT THE  
6 CATEGORICALLY NEEDY LEVEL AS DEFINED BY THE DEPARTMENT.

7 (D) DEPARTMENT RESPONSIBILITIES.--THE DEPARTMENT SHALL:

8 (1) ADMINISTER THE MEDICAL ASSISTANCE PURCHASE PROGRAM.

9 (2) PREPARE AND SUBMIT, BY NOVEMBER 30, 2002, AND  
10 ANNUALLY THEREAFTER, A REPORT TO THE CHAIR AND MINORITY CHAIR  
11 OF THE PUBLIC HEALTH AND WELFARE COMMITTEE OF THE SENATE AND  
12 THE CHAIR AND MINORITY CHAIR OF THE HEALTH AND HUMAN SERVICES  
13 COMMITTEE OF THE HOUSE OF REPRESENTATIVES ON THE NUMBER OF  
14 INDIVIDUALS PURCHASING MEDICAL BENEFITS, THE AVERAGE AMOUNT  
15 PAID FOR THE BENEFITS AND ANY OTHER INFORMATION DEEMED  
16 NECESSARY BY THE DEPARTMENT. THE ANNUAL REPORT SHALL BE MADE  
17 AVAILABLE FOR PUBLIC INSPECTION AND POSTED ON THE  
18 DEPARTMENT'S PUBLICLY ACCESSIBLE WORLD WIDE WEB SITE.

19 CHAPTER 17

20 REGIONAL BIOTECHNOLOGY RESEARCH CENTERS

21 SECTION 1701. SCOPE.

22 THIS CHAPTER DEALS WITH REGIONAL BIOTECHNOLOGY RESEARCH  
23 CENTERS.

24 SECTION 1702. DEFINITIONS.

25 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
26 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
27 CONTEXT CLEARLY INDICATES OTHERWISE:

28 "BIOMEDICAL RESEARCH." COMPREHENSIVE RESEARCH PERTAINING TO  
29 THE APPLICATION OF THE NATURAL SCIENCES TO THE STUDY AND  
30 CLINICAL PRACTICE OF MEDICINE AT AN INSTITUTION, INCLUDING

1 BIOBEHAVIORAL RESEARCH RELATED TO TOBACCO USE.

2 "CLINICAL RESEARCH." PATIENT-ORIENTED RESEARCH WHICH  
3 INVOLVES DIRECT INTERACTION AND STUDY OF THE MECHANISMS OF HUMAN  
4 DISEASE, INCLUDING THERAPEUTIC INTERVENTIONS, CLINICAL TRIALS,  
5 EPIDEMIOLOGICAL AND BEHAVIORAL STUDIES AND THE DEVELOPMENT OF  
6 NEW TECHNOLOGY.

7 "COLLABORATIVE RESEARCH." PEER-REVIEWED BIOMEDICAL, CLINICAL  
8 OR HEALTH SERVICES RESEARCH CONDUCTED JOINTLY BY TWO OR MORE  
9 APPLICANTS THAT COOPERATE TO IDENTIFY PRIORITIES AND CONDUCT  
10 RESEARCH WHICH PROVIDES FOR THE SHARING OF INFRASTRUCTURE,  
11 RESOURCES AND EXPERTISE.

12 "DEPARTMENT." THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
13 DEVELOPMENT OF THE COMMONWEALTH.

14 "HEALTH SERVICES RESEARCH." ANY OF THE FOLLOWING:

15 (1) RESEARCH ON THE PROMOTION AND MAINTENANCE OF HEALTH,  
16 INCLUDING BIOBEHAVIORAL RESEARCH.

17 (2) RESEARCH ON THE PREVENTION AND REDUCTION OF DISEASE.

18 (3) RESEARCH ON THE DELIVERY OF HEALTH CARE SERVICES TO  
19 REDUCE HEALTH RISKS AND TRANSFER RESEARCH ADVANCES TO  
20 COMMUNITY USE.

21 "INTELLECTUAL PROPERTY." INCLUDES:

22 (1) ANY IDEA, INVENTION, TRADE SECRET, PROCESS, PROGRAM,  
23 DATA, FORMULA, PATENT, LICENSE, COPYRIGHT OR TRADEMARK; AND

24 (2) AN APPLICATION, RIGHT OR REGISTRATION RELATING TO  
25 ANY IDEA, INVENTION, TRADE SECRET, PROCESS, PROGRAM, DATA,  
26 FORMULA, PATENT, LICENSE, COPYRIGHT OR TRADEMARK.

27 "NIH." THE NATIONAL INSTITUTES OF HEALTH.

28 "RESEARCH." BIOMEDICAL, CLINICAL, COLLABORATIVE AND HEALTH  
29 SERVICES RESEARCH.

30 SECTION 1703. REGIONAL BIOTECHNOLOGY RESEARCH CENTERS.

1 (A) ESTABLISHMENT OF CENTERS.--THE DEPARTMENT, IN  
2 CONSULTATION WITH THE DEPARTMENT OF HEALTH, SHALL ESTABLISH  
3 THREE REGIONAL BIOTECHNOLOGY RESEARCH CENTERS TO FACILITATE  
4 RESEARCH THROUGH THE SHARING OF FUNDS AND INFRASTRUCTURE.

5 (B) NONPROFIT CORPORATIONS TO OWN AND OPERATE CENTERS.--THE  
6 DEPARTMENT SHALL SEEK APPLICANTS FOR THE PURPOSE OF FORMING A  
7 NONPROFIT CORPORATION TO OWN AND OPERATE REGIONAL BIOTECHNOLOGY  
8 RESEARCH CENTERS.

9 (C) BOARD OF DIRECTORS.--EACH NONPROFIT CORPORATION SHALL  
10 ESTABLISH A BOARD OF DIRECTORS CONSISTING OF AT LEAST SEVEN BUT  
11 NOT MORE THAN 15 MEMBERS. THE SECRETARY OF COMMUNITY AND  
12 ECONOMIC DEVELOPMENT AND THE SECRETARY OF HEALTH OR THEIR  
13 DESIGNEES SHALL BE EX OFFICIO MEMBERS OF EACH BOARD OF  
14 DIRECTORS. THE BOARD OF DIRECTORS SHALL INCLUDE REPRESENTATIVES  
15 OF THE FOR-PROFIT AND NONPROFIT INSTITUTIONS AND ORGANIZATIONS  
16 PARTICIPATING IN THE RESEARCH CENTER, AS WELL AS OTHER  
17 REPRESENTATIVES OF LOCAL, CIVIC OR COMMUNITY GROUPS.

18 (D) BOARD CHAIR.--THE SECRETARY OF COMMUNITY AND ECONOMIC  
19 DEVELOPMENT SHALL APPOINT THE INITIAL CHAIR OF THE BOARD OF  
20 DIRECTORS, WHO SHALL SERVE A TERM OF TWO YEARS. ALL SUBSEQUENT  
21 BOARD CHAIRS SHALL BE SELECTED BY THE MEMBERS OF THE BOARD OF  
22 DIRECTORS, AND SHALL SERVE A TERM OF TWO YEARS.

23 (E) FUNCTIONS OF CENTERS.--THE REGIONAL BIOTECHNOLOGY  
24 RESEARCH CENTERS SHALL DEVELOP AND IMPLEMENT BIOTECHNOLOGY  
25 RESEARCH PROJECTS WHICH PROMOTE AND COORDINATE RESEARCH IN THIS  
26 COMMONWEALTH IN ORDER TO:

27 (1) CREATE OR ENHANCE RESEARCH AND RELATED INDUSTRIES IN  
28 PENNSYLVANIA.

29 (2) DEVELOP HIGH QUALITY AND COMMERCIALY USEFUL  
30 PRODUCTS OR INTELLECTUAL PROPERTY.

- 1 (3) ATTRACT VENTURE CAPITAL INVESTMENTS.
- 2 (4) ATTRACT AND RETAIN PROMINENT SCIENTISTS.
- 3 (5) ENCOURAGE TRAINING AND EDUCATIONAL PROGRAMS.
- 4 (6) DEVELOP REGIONAL RESEARCH SPECIALTIES.
- 5 (7) IMPLEMENT THE COMMERCIAL DEVELOPMENT OF NEW RESEARCH
- 6 DISCOVERIES.

7 (F) APPLICATION.--THE BOARD OF DIRECTORS OF EACH REGIONAL  
8 BIOTECHNOLOGY RESEARCH CENTER SHALL SUBMIT AN APPLICATION TO THE  
9 DEPARTMENT WHICH INCLUDES THE FOLLOWING:

- 10 (1) A LISTING OF THE FOR-PROFIT AND NONPROFIT
- 11 INSTITUTIONS AND ORGANIZATIONS THAT WILL COMPRISE THE
- 12 NONPROFIT CORPORATION AND THAT WILL OWN AND OPERATE THE
- 13 RESEARCH CENTER.
- 14 (2) THE NAMES AND AFFILIATIONS OF THE MEMBERS OF THE
- 15 BOARD OF DIRECTORS FOR THE NONPROFIT CORPORATION.
- 16 (3) THE PROPOSED PROGRAMS, ACTIVITIES AND CATEGORIES OF
- 17 RESEARCH TO BE CONDUCTED AT THE CENTER.
- 18 (4) THE PLANS FOR MARKETING THE RESEARCH CENTER TO
- 19 REGIONAL INSTITUTIONS AND CORPORATIONS TO BUILD AWARENESS AND
- 20 ENCOURAGE PARTICIPATION.
- 21 (5) THE PROPOSED LOCATION OF THE RESEARCH CENTER.
- 22 (6) A PROPOSED BUDGET FOR THE FIRST YEAR OF OPERATIONS
- 23 OF THE RESEARCH CENTER INCLUDING PROJECTED INFRASTRUCTURE
- 24 COSTS AND PROJECTIONS ON PERMANENT STAFF TO BE EMPLOYED AT
- 25 THE RESEARCH CENTER.
- 26 (7) THE ANTICIPATED HEALTH, SCIENTIFIC, COMMERCIAL AND
- 27 ECONOMIC DEVELOPMENT OUTCOMES TO BE ACHIEVED BY THE RESEARCH
- 28 CENTER.
- 29 (8) THE AMOUNT OF FUNDS, INFRASTRUCTURE OR OTHER
- 30 RESOURCES TO BE CONTRIBUTED BY EACH PARTICIPANT TO THE

1 RESEARCH CENTER.

2 (9) ANY OTHER INFORMATION DEEMED NECESSARY BY THE  
3 DEPARTMENT.

4 (G) AGREEMENT WITH DEPARTMENT.--THE BOARD OF DIRECTORS OF  
5 EACH BIOTECHNOLOGY RESEARCH CENTER SHALL REACH AN AGREEMENT WITH  
6 THE DEPARTMENT REGARDING ALL OF THE FOLLOWING:

7 (1) THE AMOUNT OF CAPITAL TO BE RAISED FROM THE FOR-  
8 PROFIT AND NONPROFIT INSTITUTIONS AND ORGANIZATIONS PRIOR TO  
9 DISBURSEMENT OF ANY STATE FUNDS.

10 (2) THE PROCESS FOR ALLOWING ACCESS TO AND  
11 COMMERCIALIZATION OF INTELLECTUAL PROPERTY.

12 (3) THE PORTION OF BIOTECHNOLOGY RESEARCH CENTER  
13 EARNINGS WHICH WILL BE RETURNED TO THE HEALTH ACCOUNT DUE TO  
14 INTELLECTUAL PROPERTY OR PRODUCTS WHICH ARE DEVELOPED AS A  
15 RESULT OF RESEARCH CONDUCTED THROUGH THE RESEARCH CENTER. ALL  
16 PROCEEDS DERIVED FROM ROYALTY AGREEMENTS SHALL BE DIVIDED  
17 EQUALLY BETWEEN THE REGIONAL RESEARCH CENTER AND THE HEALTH  
18 ACCOUNT.

19 (H) CONTRIBUTIONS AND ONGOING FUNDING.--IN ORDER TO  
20 PARTICIPATE IN RESEARCH OR PRODUCT DEVELOPMENT AT A REGIONAL  
21 BIOTECHNOLOGY RESEARCH CENTER, FINANCIAL OR OTHER SUBSTANTIALLY  
22 EQUIVALENT CONTRIBUTIONS TO THE RESEARCH BEING CONDUCTED SHALL  
23 BE MADE AT A LEVEL ESTABLISHED BY THE DEPARTMENT. THE BOARD OF  
24 DIRECTORS SHALL DEVELOP REVENUE SOURCES, INCLUDING ROYALTY  
25 AGREEMENTS, TO FUND ONGOING OPERATIONS OF THE BIOTECHNOLOGY  
26 RESEARCH CENTER.

27 (I) PERSONNEL.--A REGIONAL BIOTECHNOLOGY RESEARCH CENTER MAY  
28 HIRE PERSONNEL TO COORDINATE RESEARCH PROJECTS.

29 (J) REVIEW AND REPORT.--

30 (1) EACH REGIONAL BIOTECHNOLOGY RESEARCH CENTER SHALL BE

1 SUBJECT TO AN ANNUAL PERFORMANCE REVIEW BY THE DEPARTMENT.

2 (2) EACH REGIONAL BIOTECHNOLOGY RESEARCH CENTER SHALL,  
3 BY NOVEMBER 30, 2002, AND ANNUALLY THEREAFTER, PREPARE AND  
4 SUBMIT A REPORT TO THE DEPARTMENT, THE DEPARTMENT OF HEALTH,  
5 THE CHAIR AND MINORITY CHAIR OF THE APPROPRIATIONS COMMITTEE  
6 OF THE SENATE, THE CHAIR AND MINORITY CHAIR OF THE  
7 APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES, THE  
8 CHAIR AND MINORITY CHAIR OF THE COMMUNITY AND ECONOMIC  
9 DEVELOPMENT COMMITTEE OF THE SENATE AND THE CHAIR AND  
10 MINORITY CHAIR OF THE COMMERCE AND ECONOMIC DEVELOPMENT  
11 COMMITTEE OF THE HOUSE OF REPRESENTATIVES. THIS REPORT SHALL  
12 BE IN A FORM AND MANNER DEVELOPED BY THE DEPARTMENT WORKING  
13 IN COOPERATION WITH THE DEPARTMENT OF HEALTH AND SHALL  
14 INCLUDE THE FOLLOWING:

15 (I) THE CURRENT MEMBERS OF THE BOARD OF DIRECTORS  
16 FOR THE RESEARCH CENTER.

17 (II) A DESCRIPTION OF THE RESEARCH FACILITIES,  
18 INCLUDING SPACE AND EQUIPMENT.

19 (III) THE RESEARCH CENTER'S CURRENT POLICIES FOR THE  
20 MANAGEMENT AND DEVELOPMENT OF INTELLECTUAL PROPERTY AND  
21 OWNERSHIP OF INVENTIONS AND PRODUCTS CREATED DURING THE  
22 COURSE OF RESEARCH CONDUCTED THROUGH THE CENTER.

23 (IV) THE RESEARCH CENTER'S POLICIES ON CONFLICTS OF  
24 INTEREST AND THE HANDLING OF CONFIDENTIAL MATERIAL.

25 (V) A LISTING OF ALL ORGANIZATIONS AND FOR-PROFIT  
26 AND NONPROFIT INSTITUTIONS UTILIZING THE SERVICES OF THE  
27 RESEARCH CENTER DURING THE PRIOR YEAR.

28 (VI) A LISTING OF ANY LICENSES OR OTHER CONTRACTUAL  
29 OBLIGATIONS IN EFFECT, OR ANTICIPATED, FOR THE  
30 INTELLECTUAL PROPERTY DEVELOPED AT THE RESEARCH CENTER

1 DURING THE PRIOR YEAR.

2 (VII) A LISTING OF ANY INVENTIONS, ANY PATENT  
3 APPLICATIONS OR PATENTS ISSUED, ANY PRODUCTS OR OTHER  
4 INTELLECTUAL PROPERTY DEVELOPED AS A RESULT OF RESEARCH  
5 CONDUCTED THROUGH THE RESEARCH CENTER DURING THE PRIOR  
6 YEAR.

7 (VIII) A COPY OF THE ANNUAL OPERATING BUDGET FOR THE  
8 YEAR, WITH A LISTING OF THE SOURCES OF ALL FUNDS,  
9 INCLUDING FINANCIAL AND IN-KIND SERVICES, PERSONNEL,  
10 EQUIPMENT OR OTHER MATERIAL DONATIONS AND CONTRIBUTIONS  
11 BY ALL PARTIES INVOLVED IN THE RESEARCH CENTER; GRANTS  
12 OBTAINED BY OR THROUGH THE RESEARCH CENTER; FEDERAL FUNDS  
13 LEVERAGED AND EXPENDITURES MADE, INCLUDING INFRASTRUCTURE  
14 EXPENDITURES; AND ADMINISTRATIVE AND STAFFING COSTS.

15 SECTION 1704. APPLICABILITY OF STANDARDS REGARDING FUNDED  
16 RESEARCH.

17 EACH REGIONAL BIOTECHNOLOGY RESEARCH CENTER ESTABLISHED UNDER  
18 THIS CHAPTER AND FOR-PROFIT AND NONPROFIT INSTITUTIONS AND  
19 ORGANIZATIONS PARTICIPATING IN THE RESEARCH CENTER SHALL EXECUTE  
20 A MEMORANDUM OF UNDERSTANDING WITH THE SECRETARY OF HEALTH,  
21 WHICH SPECIFIES THAT RESEARCH PERFORMED OR COORDINATED BY AND  
22 PROJECTS PROMOTED AND COORDINATED BY THE REGIONAL BIOTECHNOLOGY  
23 RESEARCH CENTER SHALL BE SUBJECT TO FEDERAL ETHICAL AND  
24 PROCEDURAL STANDARDS OF CONDUCT PRESCRIBED BY THE NIH ON THE  
25 DATE THE MEMORANDUM OF UNDERSTANDING IS EXECUTED. RESEARCH  
26 CENTERS FUNDED UNDER THIS CHAPTER SHALL OBSERVE THE FEDERAL  
27 ETHICAL AND PROCEDURAL STANDARDS REGULATING RESEARCH AND  
28 RESEARCH FINDINGS, INCLUDING PUBLICATIONS AND PATENTS, WHICH ARE  
29 OBSERVED UNDER NIH EXTRAMURAL FUNDING REQUIREMENTS AND NIH  
30 GRANTS POLICY STATEMENTS AND APPLICABLE SECTIONS OF 45 CFR PT.

1 74 (RELATING TO UNIFORM ADMINISTRATIVE REQUIREMENTS FOR AWARDS  
2 AND SUBAWARDS TO INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS,  
3 OTHER NONPROFIT ORGANIZATIONS, AND COMMERCIAL ORGANIZATIONS; AND  
4 CERTAIN GRANTS AND AGREEMENTS WITH STATES, LOCAL GOVERNMENTS AND  
5 INDIAN TRIBAL GOVERNMENTS) AND PT. 92 (RELATING TO UNIFORM  
6 ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE  
7 AGREEMENTS TO STATE AND LOCAL GOVERNMENTS).

8 CHAPTER 19

9 HEALTHLINK

10 SECTION 1901. SCOPE.

11 THIS CHAPTER DEALS WITH THE HEALTHLINK PROGRAM.

12 SECTION 1902. DEFINITIONS.

13 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
14 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
15 CONTEXT CLEARLY INDICATES OTHERWISE:

16 "DEPARTMENT." THE DEPARTMENT OF HEALTH OF THE COMMONWEALTH.

17 "HOSPITAL." A HEALTH CARE FACILITY PROVIDING MEDICAL AND  
18 SURGICAL SERVICES AND LICENSED AS A HOSPITAL BY THE DEPARTMENT  
19 OF HEALTH UNDER THE ACT OF JULY 19, 1979 (P.L.130, NO.48), KNOWN  
20 AS THE HEALTH CARE FACILITIES ACT.

21 "PROGRAM." THE HEALTHLINK PROGRAM ESTABLISHED IN SECTION  
22 1903.

23 SECTION 1903. HEALTHLINK PROGRAM.

24 (A) PROGRAM ESTABLISHED.--THE HEALTHLINK PROGRAM IS HEREBY  
25 ESTABLISHED AS A MEDICAL AND SURGICAL EQUIPMENT GRANT PROGRAM  
26 FOR HOSPITALS ELIGIBLE UNDER SUBSECTION (C).

27 (B) PROGRAM DESCRIPTION.--THE PROGRAM SHALL PROVIDE GRANTS  
28 FOR THE PURCHASE OF MEDICAL AND SURGICAL EQUIPMENT USED IN THE  
29 DIAGNOSIS AND TREATMENT OF PATIENTS AND FOR REIMBURSEMENT OF  
30 EXPENSES RELATED TO THE PURCHASE OF SUCH EQUIPMENT.

1 (C) ELIGIBILITY.--TO BE ELIGIBLE FOR A GRANT UNDER THE  
2 PROGRAM, A HOSPITAL MUST MEET ALL OF THE FOLLOWING:

3 (1) BE LOCATED IN A COUNTY OF THE SIXTH, SEVENTH OR  
4 EIGHTH CLASS.

5 (2) SUBMIT AN APPLICATION TO THE DEPARTMENT DESCRIBING  
6 THE EQUIPMENT TO BE PURCHASED AND ITS INTENDED PURPOSE.

7 (3) PROVIDE MATCHING FUNDS IN THE AMOUNT OF 100% OF THE  
8 AMOUNT OF THE GRANT.

9 (D) DEPARTMENT DUTIES.--THE DEPARTMENT SHALL:

10 (1) ADMINISTER THE PROGRAM AND AWARD GRANTS FROM THE  
11 ACCOUNT BY ESTABLISHING PROCEDURES AND UTILIZING FORMS AS MAY  
12 BE NECESSARY TO IMPLEMENT THE PROGRAM. A GRANT TO AN  
13 INDIVIDUAL HOSPITAL UNDER THE PROGRAM SHALL NOT EXCEED  
14 \$500,000. A GRANT MAY BE EXTENDED OVER TWO STATE FISCAL YEARS  
15 AT THE REQUEST OF THE GRANT RECIPIENT.

16 (2) AUDIT EACH GRANT RECIPIENT TO ENSURE THAT FUNDS ARE  
17 USED IN ACCORDANCE WITH PROGRAM REQUIREMENTS. GRANT  
18 RECIPIENTS SHALL PROVIDE INFORMATION RELATING TO THE  
19 EXPENDITURE OF MONEYS IN THE FORMAT SPECIFIED BY THE  
20 DEPARTMENT.

21 (3) REPORT TO THE GOVERNOR AND THE CHAIR AND MINORITY  
22 CHAIR OF THE PUBLIC HEALTH AND WELFARE COMMITTEE OF THE  
23 SENATE AND THE CHAIR AND MINORITY CHAIR OF THE HEALTH AND  
24 HUMAN SERVICES COMMITTEE OF THE HOUSE OF REPRESENTATIVES ON  
25 THE GRANTS AWARDED, THE IMPACT ON THE GRANTEES AND THE AMOUNT  
26 OF FUNDS SPENT. THE REPORT SHALL BE DUE NOVEMBER 30, 2002.  
27 THE REPORT SHALL BE MADE AVAILABLE FOR PUBLIC INSPECTION AND  
28 POSTED ON THE DEPARTMENT'S PUBLICLY ACCESSIBLE WORLD WIDE WEB  
29 SITE.

30 SECTION 1904. DUTIES.

1 A HOSPITAL ELIGIBLE FOR A GRANT UNDER THIS CHAPTER SHALL  
2 AGREE TO PROVIDE MEDICALLY NECESSARY SERVICES TO INDIVIDUALS  
3 REGARDLESS OF THE INDIVIDUAL'S ABILITY TO PAY FOR SUCH SERVICES  
4 AND BE A PARTICIPATING PROVIDER WITH THE DEPARTMENT OF PUBLIC  
5 WELFARE FOR SERVICES PROVIDED TO PERSONS ELIGIBLE FOR MEDICAL  
6 ASSISTANCE.

7 CHAPTER 21

8 COMMUNITY-BASED HEALTH CARE ASSISTANCE

9 SECTION 2101. SCOPE.

10 THIS CHAPTER DEALS WITH COMMUNITY-BASED HEALTH CARE  
11 ASSISTANCE.

12 SECTION 2102. DEFINITIONS.

13 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
14 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
15 CONTEXT CLEARLY INDICATES OTHERWISE:

16 "COLLABORATIVE." AN ENTITY LOCATED IN THIS COMMONWEALTH THAT  
17 PROVIDES AN INTEGRATED DELIVERY SYSTEM FOR COORDINATING HEALTH  
18 CARE AND OUTREACH EFFORTS UNDER THIS CHAPTER.

19 "COMMUNITY-BASED HEALTH CARE PROVIDER." ANY OF THE FOLLOWING  
20 NONPROFIT HEALTH CARE CENTERS LOCATED IN THIS COMMONWEALTH WHICH  
21 PROVIDE PRIMARY HEALTH CARE SERVICES:

22 (1) A "FEDERALLY QUALIFIED HEALTH CENTER," AS DEFINED BY  
23 SECTION 1861(AA)(4) OF THE SOCIAL SECURITY ACT (49 STAT. 620,  
24 42 U.S.C. § 1395X(AA)(4)).

25 (2) A "RURAL HEALTH CLINIC," AS DEFINED BY SECTION  
26 1861(AA)(2) OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42  
27 U.S.C. § 1395X(AA)(2)), CERTIFIED BY MEDICARE.

28 (3) A FREE-STANDING HOSPITAL CLINIC SERVING A FEDERALLY  
29 DESIGNATED HEALTH CARE PROFESSIONAL SHORTAGE AREA.

30 (4) A FREE OR PARTIAL-PAY HEALTH CLINIC WHICH PROVIDES

1 SERVICES BY VOLUNTEER MEDICAL PROVIDERS.

2 "DEPARTMENT." THE DEPARTMENT OF HEALTH OF THE COMMONWEALTH.  
3 SECTION 2103. COMMUNITY-BASED HEALTH CARE ASSISTANCE PROGRAM.

4 (A) ESTABLISHMENT.--THERE IS ESTABLISHED IN THE DEPARTMENT  
5 THE COMMUNITY-BASED HEALTH CARE ASSISTANCE PROGRAM. SUBSECTION  
6 (C) SHALL BE ADMINISTERED BY THE DEPARTMENT WITH THE ADVICE OF  
7 THE INSURANCE DEPARTMENT AND THE DEPARTMENT OF PUBLIC WELFARE.  
8 APPROPRIATIONS FROM THE FUND TO THE DEPARTMENT SHALL BE USED TO  
9 IMPLEMENT THE PROGRAM.

10 (B) PURPOSE.--THE PURPOSE OF THE PROGRAM IS TO SUPPORT  
11 COMMUNITY-BASED HEALTH CARE PROVIDERS AND COLLABORATIVES IN  
12 LOCATING, ASSESSING AND MANAGING HEALTH CARE FOR LOW-INCOME  
13 PENNSYLVANIANS AND TO IMPROVE ACCESS TO AND THE DELIVERY OF  
14 PREVENTATIVE, CURATIVE AND PALLIATIVE HEALTH CARE TO THESE  
15 INDIVIDUALS.

16 (C) GRANTS FOR COORDINATION AND OUTREACH.--A GRANT, NOT TO  
17 EXCEED \$350,000, SHALL BE AVAILABLE TO A COMMUNITY-BASED HEALTH  
18 CARE PROVIDER OR A COLLABORATIVE THAT MEETS ALL OF THE  
19 FOLLOWING:

20 (1) IDENTIFY AND ASSESS THE GENERAL HEALTH STATUS OF  
21 LOW-INCOME INDIVIDUALS WITH OR AT RISK FOR CHRONIC DISEASES  
22 AND PROVIDE ENROLLMENT ASSISTANCE TO THESE INDIVIDUALS FOR  
23 AVAILABLE HEALTH BENEFIT INSURANCE PROGRAMS.

24 (2) PROVIDE CASE MANAGEMENT SERVICES TO LOW-INCOME  
25 INDIVIDUALS TO IMPROVE THEIR PHYSICAL HEALTH, BEHAVIORAL  
26 HEALTH AND SOCIAL CONDITION AND TO REDUCE MEDICAL  
27 COMPLICATIONS.

28 (3) REFER AND COORDINATE CARE FOR INDIVIDUALS WHO  
29 REQUIRE ADDITIONAL HEALTH CARE SERVICES.

30 (4) REDUCE THE INAPPROPRIATE USE OF HOSPITAL EMERGENCY

1 DEPARTMENTS AND HOSPITAL INPATIENT STAYS BY PERSONS WHO ARE  
2 CHRONICALLY ILL.

3 (5) EDUCATE PATIENTS, MEDICAL PROVIDERS, CAREGIVERS AND  
4 THE COMMUNITY ON THE COORDINATED MANAGEMENT OF CHRONIC  
5 DISEASES.

6 (6) DEVELOP REGIONAL, NONPROFIT, COMMUNITY-BASED  
7 INTEGRATED DELIVERY SYSTEMS CAPABLE OF CARRYING OUT THE  
8 PURPOSES AND GOALS SPECIFIED IN THIS SUBSECTION.

9 (D) GRANTS FOR RESOURCES.--GRANTS SHALL BE AVAILABLE TO  
10 COMMUNITY-BASED HEALTH CARE PROVIDERS TO INCREASE ACCESS AND TO  
11 IMPROVE THE DELIVERY AND QUALITY OF HEALTH CARE BY DEVELOPING  
12 AND MAINTAINING NECESSARY COMMUNITY-BASED HEALTH CARE RESOURCES.  
13 A GRANT UNDER THIS SUBSECTION SHALL NOT EXCEED \$100,000.

14 (E) APPLICATION.--AN APPLICATION FOR A GRANT UNDER THIS  
15 SECTION SHALL BE EVALUATED BY THE DEPARTMENT TO DETERMINE ITS  
16 MERIT IN ACHIEVING THE PURPOSES SET FORTH IN SUBSECTIONS (C) AND  
17 (D) THROUGH THE STRATEGIC GOALS AND OBJECTIVES SET FORTH IN THE  
18 APPLICATION. THE DEPARTMENT SHALL PROVIDE APPLICATIONS FOR  
19 GRANTS UNDER THIS SECTION TO ALL KNOWN COMMUNITY-BASED HEALTH  
20 CARE PROVIDERS AND COLLABORATIVES. A GRANT UNDER THIS SECTION  
21 MAY BE EXTENDED OVER TWO STATE FISCAL YEARS AT THE REQUEST OF  
22 THE COMMUNITY-BASED HEALTH CARE PROVIDER OR COLLABORATIVE.

23 (F) REPORT.--

24 (1) A COMMUNITY-BASED HEALTH CARE PROVIDER OR  
25 COLLABORATIVE RECEIVING A GRANT UNDER THIS SECTION SHALL  
26 REPORT TO THE DEPARTMENT, AS SPECIFIED BY THE DEPARTMENT, ON  
27 ALL OF THE FOLLOWING:

28 (I) THE PROGRESS OF ITS EFFORTS TO IMPROVE THE  
29 DELIVERY AND MANAGEMENT OF HEALTH CARE TO LOW-INCOME  
30 PERSONS, AS MEASURED BY THE GOALS AND OBJECTIVES

1 DEVELOPED BY THE DEPARTMENT.

2 (II) DOCUMENTATION OF THE REDUCTION OF UNNECESSARY  
3 AND REDUNDANT HEALTH CARE SERVICES TO SUCH PERSONS.

4 (III) THE DATA NECESSARY FOR EVALUATION OF THE  
5 PROGRAMS, AS DEFINED BY THE DEPARTMENT.

6 (2) THE DEPARTMENT SHALL PROVIDE A REPORT TO THE CHAIR  
7 AND MINORITY CHAIR OF THE PUBLIC HEALTH AND WELFARE COMMITTEE  
8 OF THE SENATE AND THE CHAIR AND MINORITY CHAIR OF THE HEALTH  
9 AND HUMAN SERVICES COMMITTEE OF THE HOUSE OF REPRESENTATIVES.  
10 THE REPORT SHALL BE DUE NOVEMBER 30, 2002. THE REPORT SHALL  
11 INCLUDE A LIST OF THE GRANTS AWARDED, THE IMPACT ON THE  
12 ENTITIES WHICH RECEIVED THE GRANTS, THE IMPACT OF THE GRANT  
13 ON IMPROVING THE DELIVERY AND QUALITY OF HEALTH CARE IN THE  
14 COMMUNITY AND THE AMOUNT OF FUNDS SPENT. THE REPORT SHALL BE  
15 MADE AVAILABLE FOR PUBLIC INSPECTION AND POSTED ON THE  
16 DEPARTMENT'S PUBLICLY ACCESSIBLE WORLD WIDE WEB SITE.

17 CHAPTER 23

18 PACE REINSTATEMENT AND PACENET EXPANSION

19 SECTION 2301. SCOPE.

20 THIS CHAPTER DEALS WITH PACE REINSTATEMENT AND PACENET  
21 EXPANSION.

22 SECTION 2302. DEFINITIONS.

23 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
24 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
25 CONTEXT CLEARLY INDICATES OTHERWISE:

26 "DEPARTMENT." THE DEPARTMENT OF AGING OF THE COMMONWEALTH.

27 "INCOME." ALL INCOME FROM WHATEVER SOURCE DERIVED,  
28 INCLUDING, BUT NOT LIMITED TO, SALARIES, WAGES, BONUSES,  
29 COMMISSIONS, INCOME FROM SELF-EMPLOYMENT, ALIMONY, SUPPORT  
30 MONEY, CASH PUBLIC ASSISTANCE AND RELIEF, THE GROSS AMOUNT OF

1 ANY PENSION OR ANNUITIES, INCLUDING RAILROAD RETIREMENT  
2 BENEFITS, ALL BENEFITS RECEIVED UNDER STATE UNEMPLOYMENT  
3 INSURANCE LAWS AND VETERANS' DISABILITY PAYMENTS, ALL INTEREST  
4 RECEIVED FROM THE FEDERAL GOVERNMENT OR ANY STATE GOVERNMENT OR  
5 ANY INSTRUMENTALITY OR POLITICAL SUBDIVISION THEREOF, REALIZED  
6 CAPITAL GAINS, RENTALS, WORKERS' COMPENSATION AND THE GROSS  
7 AMOUNT OF LOSS OF TIME INSURANCE BENEFITS, LIFE INSURANCE  
8 BENEFITS AND PROCEEDS, EXCEPT THE FIRST \$5,000 OF THE TOTAL OF  
9 DEATH BENEFITS PAYMENTS, AND GIFTS OF CASH OR PROPERTY, OTHER  
10 THAN TRANSFERS BY GIFT BETWEEN MEMBERS OF A HOUSEHOLD, IN EXCESS  
11 OF A TOTAL VALUE OF \$300, BUT SHALL NOT INCLUDE SURPLUS FOOD OR  
12 OTHER RELIEF IN KIND SUPPLIED BY A GOVERNMENT AGENCY OR PROPERTY  
13 TAX REBATE.

14 "PROGRAM." THE PHARMACEUTICAL ASSISTANCE CONTRACT FOR THE  
15 ELDERLY NEEDS ENHANCEMENT TIER PROGRAM ESTABLISHED UNDER SECTION  
16 519(A) OF THE ACT OF AUGUST 26, 1971 (P.L.351, NO.91), KNOWN AS  
17 THE STATE LOTTERY LAW.

18 "QUALIFIED INDIVIDUAL." A RESIDENT OF THIS COMMONWEALTH FOR  
19 NO LESS THAN 90 DAYS WHO MEETS ALL OF THE FOLLOWING:

20 (1) IS NOT AN ELIGIBLE CLAIMANT AS DEFINED UNDER SECTION  
21 501 OF THE ACT OF AUGUST 26, 1971 (P.L.351, NO.91), KNOWN AS  
22 THE STATE LOTTERY LAW.

23 (2) IS 65 YEARS OF AGE OR OLDER.

24 (3) HAS AN ANNUAL INCOME WHICH IS NOT LESS THAN \$16,001  
25 AND NOT MORE THAN \$17,000 IN THE CASE OF A SINGLE PERSON, AND  
26 NOT LESS THAN \$19,201 AND NOT MORE THAN \$20,200 IN THE CASE  
27 OF THE COMBINED INCOME OF PERSONS MARRIED TO EACH OTHER. A  
28 PERSON MAY, IN REPORTING INCOME TO THE DEPARTMENT, ROUND THE  
29 AMOUNT OF EACH SOURCE OF INCOME AND THE INCOME TOTAL TO THE  
30 NEAREST WHOLE DOLLAR. ANY AMOUNT WHICH IS LESS THAN 50¢ SHALL

1 BE ELIMINATED.

2 (4) IS NOT OTHERWISE QUALIFIED FOR PUBLIC ASSISTANCE  
3 UNDER THE ACT OF JUNE 13, 1967 (P.L.31, NO.21), KNOWN AS THE  
4 PUBLIC WELFARE CODE.

5 (5) APPLIES FOR PHARMACEUTICAL ASSISTANCE UNDER THE ACT  
6 OF AUGUST 26, 1971 (P.L.351, NO.91), KNOWN AS THE STATE  
7 LOTTERY LAW.

8 SECTION 2303. ADDITIONAL ELIGIBILITY.

9 A QUALIFIED INDIVIDUAL SHALL BE ELIGIBLE FOR PARTICIPATION IN  
10 THE PROGRAM.

11 SECTION 2304. DEDUCTIBLES AND COPAYMENTS.

12 UPON ENROLLMENT IN THE PROGRAM, A QUALIFIED INDIVIDUAL SHALL  
13 BE REQUIRED TO MEET THE ANNUAL DEDUCTIBLE AND TO SATISFY THE  
14 COPAYMENT PROVISIONS OF THE PROGRAM IN SECTION 519(C) AND (D) OF  
15 THE ACT OF AUGUST 26, 1971 (P.L.351, NO.91), KNOWN AS THE STATE  
16 LOTTERY LAW. TO QUALIFY FOR THE DEDUCTIBLE SET FORTH IN SECTION  
17 519(C), THE PRESCRIPTION DRUG MUST BE PURCHASED FOR THE USE OF  
18 THE QUALIFIED INDIVIDUAL FROM A PROVIDER AS THAT TERM IS DEFINED  
19 IN CHAPTER 5 OF THE STATE LOTTERY LAW.

20 SECTION 2305. APPLICATION OF OTHER PACENET PROVISIONS.

21 ANY OTHER PROVISIONS OF CHAPTER 5 OF THE ACT OF AUGUST 26,  
22 1971 (P.L.351, NO.91), KNOWN AS THE STATE LOTTERY LAW, WHICH  
23 APPLY TO THE PACENET PROGRAM SHALL APPLY TO THE EXPANSION OF THE  
24 PACENET PROGRAM CONTAINED IN THIS CHAPTER.

25 SECTION 2306. PACE REINSTATEMENT.

26 NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY,  
27 PERSONS WHO, AS OF DECEMBER 31, 2000, WERE ENROLLED IN THE PACE  
28 PROGRAM ESTABLISHED PURSUANT TO THE ACT OF AUGUST 14, 1991  
29 (P.L.342, NO.36), KNOWN AS THE FORMER LOTTERY FUND PRESERVATION  
30 ACT, SHALL REMAIN ELIGIBLE FOR THE PACE PROGRAM IF THE MAXIMUM

1 INCOME LIMIT IS EXCEEDED DUE SOLELY TO A SOCIAL SECURITY COST-  
2 OF-LIVING ADJUSTMENT. ANY PERSON WHOSE PACE ELIGIBILITY HAS BEEN  
3 TERMINATED FOR THIS CAUSE SHALL BE RETROACTIVELY REINSTATED  
4 COMMENCING ON THE EFFECTIVE DATE OF THIS SECTION. ELIGIBILITY IN  
5 THE PACE PROGRAM PURSUANT TO THIS SECTION SHALL EXPIRE ON  
6 DECEMBER 31, 2002.

7 SECTION 2307. LIMITATIONS.

8 THE RECEIPT OF BENEFITS PURSUANT TO THE PROGRAM UNDER THIS  
9 CHAPTER SHALL NOT CONSTITUTE AN ENTITLEMENT DERIVED FROM THE  
10 COMMONWEALTH OR A CLAIM ON ANY FUNDS OF THE COMMONWEALTH.

11 SECTION 2308. PACE STUDY.

12 THE SECRETARY OF AGING SHALL CONDUCT A STUDY OF THE PACE AND  
13 PACENET PROGRAM ESTABLISHED UNDER CHAPTERS 5 AND 7 OF THE ACT OF  
14 AUGUST 26, 1971 (P.L.351, NO.91), KNOWN AS THE STATE LOTTERY  
15 LAW. THE STUDY SHALL BE CONDUCTED BY AN ADVISORY COMMITTEE  
16 COMPRISED OF THE SECRETARY OF AGING, THE SECRETARY OF PUBLIC  
17 WELFARE, SENATORS APPOINTED BY THE MAJORITY LEADER OF THE SENATE  
18 AND THE MINORITY LEADER OF THE SENATE, REPRESENTATIVES APPOINTED  
19 BY THE MAJORITY LEADER OF THE HOUSE OF REPRESENTATIVES AND THE  
20 MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES AND OTHER  
21 MEMBERS AS SELECTED BY THE SECRETARY OF AGING. THE COMMITTEE  
22 SHALL REVIEW METHODS AND PRACTICES TO REDUCE THE COST OF THESE  
23 PROGRAMS TO THE COMMONWEALTH, INCLUDING BEST PRICE, FEDERAL  
24 UPPER LIMITS, THERAPEUTIC INTERCHANGEABILITY AND STEP THERAPY.  
25 THE SECRETARY OF AGING SHALL SUBMIT RECOMMENDATIONS TO THE  
26 GENERAL ASSEMBLY BY OCTOBER 1, 2001.

27 CHAPTER 25

28 PENNSYLVANIA MEDICAL EDUCATION LOAN ASSISTANCE

29 SECTION 2501. SCOPE.

30 THIS CHAPTER DEALS WITH MEDICAL EDUCATION LOAN ASSISTANCE.

1 SECTION 2502. DEFINITIONS.

2 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
3 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
4 CONTEXT CLEARLY INDICATES OTHERWISE:

5 "ACCREDITED MEDICAL COLLEGE." AN INSTITUTION OF HIGHER  
6 EDUCATION LOCATED IN THIS COMMONWEALTH THAT IS ACCREDITED BY THE  
7 LIAISON COMMITTEE ON MEDICAL EDUCATION TO PROVIDE COURSES IN  
8 MEDICINE AND EMPOWERED TO GRANT PROFESSIONAL AND ACADEMIC  
9 DEGREES IN MEDICINE AS DEFINED IN THE ACT OF DECEMBER 20, 1985  
10 (P.L.457, NO.112), KNOWN AS THE MEDICAL PRACTICE ACT OF 1985.

11 "AGENCY." THE PENNSYLVANIA HIGHER EDUCATION ASSISTANCE  
12 AGENCY.

13 "APPROVED INSTITUTION OF HIGHER LEARNING." AN INSTITUTION OF  
14 HIGHER LEARNING LOCATED IN THIS COMMONWEALTH AND APPROVED BY THE  
15 AGENCY.

16 "APPROVED NURSING PROGRAM." AN INSTITUTION LOCATED IN THIS  
17 COMMONWEALTH AND ACCREDITED TO GRANT PROFESSIONAL AND ACADEMIC  
18 DEGREES OR DIPLOMAS IN NURSING AS DEFINED IN THE ACT OF MAY 22,  
19 1951 (P.L.317, NO.69), KNOWN AS THE PROFESSIONAL NURSING LAW.

20 "DEGREE IN MEDICINE." A DEGREE FROM AN ACCREDITED MEDICAL  
21 COLLEGE THAT QUALIFIES THE DEGREE RECIPIENT TO BE LICENSED AS A  
22 PHYSICIAN.

23 "DESIGNATED AREA." ANY OF THE FOLLOWING:

24 (1) A GEOGRAPHIC AREA OF THIS COMMONWEALTH THAT IS  
25 DESIGNATED BY THE SECRETARY OF HEALTH AS HAVING A SHORTAGE OF  
26 PHYSICIANS.

27 (2) A GEOGRAPHIC AREA OF THIS COMMONWEALTH DESIGNATED BY  
28 THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES AS  
29 A MEDICALLY UNDERSERVED AREA OR DESIGNATED TO HAVE A  
30 MEDICALLY UNDERSERVED POPULATION.

1 "ELIGIBLE APPLICANT." AN INDIVIDUAL WHO HOLDS AN  
2 UNDERGRADUATE DEGREE FROM AN INSTITUTION OF HIGHER LEARNING AND  
3 IS ENROLLED IN:

4 (1) AN ACCREDITED MEDICAL COLLEGE; OR

5 (2) AN APPROVED INSTITUTION OF HIGHER LEARNING FOR  
6 PURPOSES OF OBTAINING A GRADUATE DEGREE IN BIOMEDICINE OR  
7 LIFE SCIENCES.

8 "GUARANTOR." AN INSURANCE COMPANY OR NON-FOR-PROFIT  
9 GUARANTOR WHOSE PRIMARY PURPOSE IS TO PROVIDE DEFAULT COVERAGE  
10 AND LOSS PREVENTION SERVICES TO AN OFFEROR OF UNSECURED STUDENT  
11 LOANS.

12 "OFFEROR." AN INSTITUTION THAT MAKES UNSECURED LOANS TO  
13 ELIGIBLE STUDENTS IN COOPERATION WITH THE AGENCY.

14 "NURSING SCHOOL APPLICANT." AN INDIVIDUAL WHO IS A RESIDENT  
15 OF THIS COMMONWEALTH AND IS ENROLLED IN AN APPROVED NURSING  
16 PROGRAM.

17 "PHYSICIAN." AN INDIVIDUAL LICENSED TO PRACTICE MEDICINE AND  
18 SURGERY WITHIN THE SCOPE OF THE ACT OF DECEMBER 20, 1985  
19 (P.L.457, NO.112), KNOWN AS THE MEDICAL PRACTICE ACT OF 1985 OR  
20 THE ACT OF OCTOBER 5, 1978 (P.L.1109, NO.261), KNOWN AS THE  
21 OSTEOPATHIC MEDICAL PRACTICE ACT.

22 "REGISTERED NURSE." AN INDIVIDUAL LICENSED TO PRACTICE  
23 PROFESSIONAL NURSING UNDER THE ACT OF MAY 22, 1951 (P.L.317,  
24 NO.69), KNOWN AS THE PROFESSIONAL NURSING LAW.  
25 SECTION 2503. PENNSYLVANIA MEDICAL EDUCATION LOAN ASSISTANCE  
26 PROGRAM.

27 THE AGENCY SHALL ESTABLISH AND ADMINISTER THE PENNSYLVANIA  
28 MEDICAL EDUCATION LOAN ASSISTANCE PROGRAM AS SET FORTH IN  
29 SECTIONS 2504 AND 2505 TO PROVIDE FINANCIAL ASSISTANCE TO  
30 INDIVIDUALS WHO ACQUIRE THE REQUIRED DEGREE OR DIPLOMA IN

1 MEDICINE, PROFESSIONAL NURSING, BIOMEDICINE OR LIFE SCIENCES AND  
2 TO RECRUIT THESE INDIVIDUALS TO PRACTICE THEIR PROFESSIONS IN  
3 PENNSYLVANIA.

4 SECTION 2504. LOAN GUARANTOR PROGRAM.

5 (A) ESTABLISHMENT OF PROGRAM.--THE AGENCY SHALL ADMINISTER A  
6 LOAN GUARANTOR PROGRAM ON A STATEWIDE BASIS. THE AGENCY SHALL  
7 UTILIZE FUNDS IN THE MEDICAL SCHOOL LOAN ACCOUNT TO ENCOURAGE  
8 ELIGIBLE APPLICANTS TO ATTEND AN ACCREDITED MEDICAL COLLEGE OR  
9 AN APPROVED INSTITUTION OF HIGHER LEARNING.

10 (B) LOAN GUARANTOR PROGRAM.--THE LOAN GUARANTOR PROGRAM  
11 SHALL PROVIDE FOR THE FOLLOWING:

12 (1) LIFE OF LOAN SERVICING.

13 (2) CONTRACTING FOR INSURANCE WITH A GUARANTOR APPROVED  
14 BY THE AGENCY, WHICH OFFERS A LOW-COST LOAN WITH COMPETITIVE  
15 INTEREST RATES AND LOAN FEES TO ELIGIBLE APPLICANTS.

16 (3) PREDETERMINING THE ELIGIBILITY OF APPLICANTS WHO  
17 RECEIVE A LOAN FROM AN OFFEROR TO ATTEND AN ACCREDITED  
18 MEDICAL SCHOOL OR AN APPROVED INSTITUTION OF HIGHER LEARNING  
19 THAT IS INSURED BY A GUARANTOR.

20 (4) EVALUATING THE BENEFIT PACKAGE OF A GUARANTOR FOR  
21 ADEQUACY, ACCESSIBILITY AND AVAILABILITY OF FUNDS NECESSARY  
22 TO PROVIDE ADEQUATE LOSS PREVENTION.

23 (C) LOW-COST LOANS.--AN ELIGIBLE APPLICANT SHALL APPLY TO AN  
24 OFFEROR FOR A LOW-COST LOAN TO ATTEND AN ACCREDITED MEDICAL  
25 COLLEGE OR AN APPROVED INSTITUTION OF HIGHER LEARNING. A LOW-  
26 COST LOAN MADE UNDER THIS SUBSECTION SHALL BE GUARANTEED BY AN  
27 APPROVED GUARANTOR THROUGH A CONTRACT WITH THE AGENCY. LOW-COST  
28 LOANS MADE UNDER THIS SUBSECTION SHALL PROVIDE REDUCED INTEREST  
29 RATES AND LOAN FEES TO ELIGIBLE APPLICANTS COMPARED TO LOANS  
30 MADE FOR THE SAME PURPOSE THAT ARE NOT GUARANTEED BY THIS

1 CHAPTER.

2 (D) LOAN REQUIREMENTS.--LOANS PROVIDED UNDER THIS SECTION  
3 SHALL COVER UP TO 100% OF THE ACTUAL COST OF TUITION, ROOM AND  
4 BOARD AT AN ACCREDITED MEDICAL COLLEGE OR AN APPROVED  
5 INSTITUTION OF HIGHER LEARNING AND THE ACTUAL COST OF COURSE  
6 REQUIRED TEXTBOOKS AND SUPPLIES FOR THE RECIPIENT.

7 (E) DEFAULT.--IF A RECIPIENT FAILS TO REPAY A LOAN RECEIVED  
8 UNDER THIS SECTION, THE AGENCY SHALL COLLECT THE LOAN PURSUANT  
9 TO ONE OF THE FOLLOWING:

10 (1) SECTION 4.3 OF THE ACT OF AUGUST 7, 1963 (P.L.549,  
11 NO.290), REFERRED TO AS THE PENNSYLVANIA HIGHER EDUCATION  
12 ASSISTANCE AGENCY ACT.

13 (2) A PROCESS ESTABLISHED BY THE APPLICABLE GUARANTORS.

14 (3) ANY OTHER COLLECTION PROCEDURE OR PROCESS DEEMED  
15 APPROPRIATE BY THE AGENCY.

16 (F) MEDICAL EDUCATION LOAN LOSS ACCOUNT.--AN ACCOUNT IS  
17 HEREBY ESTABLISHED WITHIN THE AGENCY TO RECEIVE FUNDS  
18 APPROPRIATED FOR PURPOSES OF THIS SECTION. MONEYS IN THE ACCOUNT  
19 ARE HEREBY APPROPRIATED TO THE AGENCY TO PROVIDE THE LOAN  
20 GUARANTOR PROGRAM. WHEN FUNDS IN THE ACCOUNT ARE EXPENDED, NO  
21 ADDITIONAL LOANS SHALL BE OFFERED.

22 (G) INTEREST RATE REDUCTION.--THE AGENCY OR AN OFFEROR MAY  
23 MODIFY LOANS UNDER THIS SECTION TO FURTHER REDUCE INTEREST RATES  
24 AS FOLLOWS:

25 (1) THE AGENCY OR THE OFFEROR MAY REDUCE THE INTEREST  
26 RATE OF THE LOAN BY NOT LESS THAN 1% IF THE LOAN RECIPIENT,  
27 UPON COMPLETION OF A GRADUATE DEGREE IN BIOMEDICINE OR LIFE  
28 SCIENCES OR UPON LICENSURE AS A PHYSICIAN, AGREES TO PRACTICE  
29 MEDICINE OR BE EMPLOYED TO CONDUCT RESEARCH, ON A FULL-TIME  
30 BASIS IN PENNSYLVANIA FOR A PERIOD OF THREE CONSECUTIVE

1 YEARS.

2 (2) THE AGENCY OR THE OFFEROR MAY REDUCE THE INTEREST  
3 RATE OF THE LOAN BY NOT LESS THAN 2% IF THE LOAN RECIPIENT,  
4 UPON LICENSURE AS A PHYSICIAN, AGREES TO PRACTICE MEDICINE  
5 FOR NOT LESS THAN THREE CONSECUTIVE YEARS IN A DESIGNATED  
6 AREA.

7 (H) CONTRACT.--IN ADDITION TO THE REQUIREMENTS OF SUBSECTION  
8 (G), IN ORDER TO BE ELIGIBLE FOR AN INTEREST RATE REDUCTION, A  
9 LOAN RECIPIENT SHALL ENTER INTO A CONTRACT WITH THE AGENCY OR AN  
10 OFFEROR OR ITS ASSIGNS AT THE TIME THE LOAN IS MADE. THE  
11 CONTRACT SHALL INCLUDE THE FOLLOWING:

12 (1) THE LOAN RECIPIENT PRACTICING IN A DESIGNATED AREA  
13 SHALL AGREE TO TREAT PATIENTS ELIGIBLE FOR MEDICAL ASSISTANCE  
14 AND MEDICARE.

15 (2) THE LOAN RECIPIENT SHALL PERMIT THE AGENCY OR THE  
16 OFFEROR TO MONITOR THE RECIPIENT'S PRACTICE OR EMPLOYMENT TO  
17 DETERMINE COMPLIANCE WITH THE TERMS OF THE CONTRACT AND THIS  
18 CHAPTER.

19 (3) THE AGENCY SHALL CERTIFY COMPLIANCE WITH THE TERMS  
20 OF THE CONTRACT.

21 (4) UPON THE LOAN RECIPIENT'S DEATH OR TOTAL OR  
22 PERMANENT DISABILITY, THE AGENCY OR THE OFFEROR SHALL NULLIFY  
23 THE SERVICE OBLIGATION OF THE RECIPIENT.

24 (5) IF THE LOAN RECIPIENT IS CONVICTED OF, OR PLEADS  
25 GUILTY OR NO CONTEST TO A FELONY, OR IF THE LICENSING BOARD  
26 HAS DETERMINED THAT THE RECIPIENT HAS COMMITTED AN ACT OF  
27 GROSS NEGLIGENCE IN THE PERFORMANCE OF SERVICE OBLIGATIONS OR  
28 HAS SUSPENDED OR REVOKED THE LICENSE TO PRACTICE, THE AGENCY  
29 OR THE OFFEROR SHALL TERMINATE THE LOAN RECIPIENT'S  
30 PARTICIPATION IN THE PROGRAM AND SEEK REPAYMENT OF THE AMOUNT

1 OF THE LOAN ON THE DATE OF THE CONVICTION, DETERMINATION,  
2 SUSPENSION OR REVOCATION.

3 (6) A LOAN RECIPIENT WHO FAILS TO COMPLY WITH A CONTRACT  
4 SHALL PAY TO THE AGENCY OR THE OFFEROR THE AMOUNT OF LOAN  
5 RECEIVED UNDER THE ORIGINAL CONTRACT AS OF THE TIME OF  
6 DEFAULT. PROVIDING FALSE INFORMATION OR MISREPRESENTATION ON  
7 AN APPLICATION OR VERIFICATION OF SERVICE SHALL CONSTITUTE  
8 DEFAULT.

9 (I) ACCOUNTABILITY.--THREE YEARS AFTER THE EFFECTIVE DATE OF  
10 THIS CHAPTER, THE AGENCY SHALL CONDUCT A PERFORMANCE REVIEW OF  
11 THE PROGRAM AND SERVICES PROVIDED. THE PERFORMANCE REVIEW SHALL  
12 INCLUDE THE FOLLOWING:

13 (1) THE GOALS AND OBJECTIVES OF THE PROGRAM;

14 (2) A DETERMINATION OF WHETHER THE GOALS AND OBJECTIVES  
15 WERE ACHIEVED BY THE AGENCY PARTICIPATING GUARANTOR AND  
16 OFFEROR;

17 (3) THE SPECIFIC METHODOLOGY USED TO EVALUATE THE  
18 RESULTS; AND

19 (4) RECOMMENDATIONS FOR IMPROVEMENT.

20 SECTION 2505. LOAN FORGIVENESS PROGRAM.

21 (A) ESTABLISHMENT OF PROGRAM.--THE AGENCY SHALL ADMINISTER A  
22 LOAN FORGIVENESS PROGRAM FOR NURSING SCHOOL APPLICANTS ON A  
23 STATEWIDE BASIS. THE AGENCY MAY PROVIDE LOAN FORGIVENESS AS  
24 PROVIDED IN SUBSECTION (B) FOR RECIPIENTS OF LOANS WHO BY  
25 CONTRACT WITH THE AGENCY AGREE TO PRACTICE PROFESSIONAL NURSING  
26 IN THIS COMMONWEALTH UPON ATTAINMENT OF THE REQUIRED LICENSE.

27 (B) LOAN FORGIVENESS.--AGENCY-ADMINISTERED, FEDERALLY  
28 INSURED STUDENT LOANS FOR HIGHER EDUCATION PROVIDED TO A NURSING  
29 SCHOOL APPLICANT MAY BE FORGIVEN BY THE AGENCY AS FOLLOWS:

30 (1) THE AGENCY MAY FORGIVE 50% OF THE LOAN, NOT TO

1 EXCEED \$50,000, IF A LOAN RECIPIENT ENTERS INTO A CONTRACT  
2 WITH THE AGENCY THAT REQUIRES THE RECIPIENT UPON SUCCESSFUL  
3 COMPLETION OF AN APPROVED NURSING PROGRAM AND LICENSURE AS A  
4 REGISTERED NURSE TO PRACTICE NURSING IN THIS COMMONWEALTH FOR  
5 A PERIOD OF NOT LESS THAN THREE CONSECUTIVE YEARS.

6 (2) LOAN FORGIVENESS AWARDS MADE PURSUANT TO PARAGRAPH  
7 (1) SHALL BE FORGIVEN OVER A PERIOD OF THREE YEARS AT AN  
8 ANNUAL RATE OF 33 1/3% OF THE AWARD AND SHALL BE MADE FROM  
9 FUNDS APPROPRIATED FOR THIS PURPOSE.

10 (3) THE CONTRACT ENTERED INTO WITH THE AGENCY PURSUANT  
11 TO PARAGRAPH (1) SHALL BE CONSIDERED A CONTRACT WITH THE  
12 COMMONWEALTH AND SHALL INCLUDE THE FOLLOWING TERMS:

13 (I) AN UNLICENSED RECIPIENT SHALL APPLY FOR A  
14 REGISTERED NURSE'S LICENSE TO PRACTICE IN THIS  
15 COMMONWEALTH AT THE EARLIEST PRACTICABLE OPPORTUNITY UPON  
16 SUCCESSFULLY COMPLETING A DEGREE IN NURSING.

17 (II) WITHIN SIX MONTHS AFTER LICENSURE, A RECIPIENT  
18 SHALL ENGAGE IN THE PRACTICE OF NURSING IN THIS  
19 COMMONWEALTH ACCORDING TO THE TERMS OF THE LOAN  
20 FORGIVENESS AWARD.

21 (III) THE RECIPIENT SHALL AGREE TO PRACTICE ON A  
22 FULL-TIME BASIS.

23 (IV) THE RECIPIENT SHALL PERMIT THE AGENCY TO  
24 DETERMINE COMPLIANCE WITH THE TERMS OF THE CONTRACT.

25 (V) UPON THE RECIPIENT'S DEATH OR TOTAL OR PERMANENT  
26 DISABILITY, THE AGENCY SHALL NULLIFY THE SERVICE  
27 OBLIGATION OF THE RECIPIENT.

28 (VI) IF THE RECIPIENT IS CONVICTED OF, OR PLEADS  
29 GUILTY OR NO CONTEST TO A FELONY, OR IF THE LICENSING  
30 BOARD HAS DETERMINED THAT THE RECIPIENT HAS COMMITTED AN

1 ACT OF GROSS NEGLIGENCE IN THE PERFORMANCE OF SERVICE  
2 OBLIGATIONS OR HAS SUSPENDED OR REVOKED THE LICENSE TO  
3 PRACTICE, THE AGENCY SHALL HAVE THE AUTHORITY TO  
4 TERMINATE THE RECIPIENT'S SERVICE IN THE PROGRAM AND  
5 DEMAND REPAYMENT OF THE AMOUNT OF THE LOAN AS OF THE DATE  
6 OF THE CONVICTION, DETERMINATION, SUSPENSION OR  
7 REVOCATION.

8 (VII) LOAN RECIPIENTS WHO FAIL TO BEGIN OR COMPLETE  
9 THE OBLIGATIONS CONTRACTED FOR SHALL PAY TO THE AGENCY  
10 THE AMOUNT OF THE LOAN RECEIVED UNDER THE TERMS OF THE  
11 CONTRACT PURSUANT TO THIS SECTION. PROVIDING FALSE  
12 INFORMATION OR MISREPRESENTATION ON AN APPLICATION OR  
13 VERIFICATION OF SERVICE SHALL BE DEEMED A DEFAULT.  
14 DETERMINATION AS TO THE TIME OF DEFAULT SHALL BE MADE BY  
15 THE AGENCY.

16 (4) NOTWITHSTANDING 42 PA.C.S. § 8127 (RELATING TO  
17 PERSONAL EARNINGS EXEMPT FROM PROCESS), THE AGENCY MAY SEEK  
18 GARNISHMENT OF WAGES IN ORDER TO COLLECT THE AMOUNT OF THE  
19 LOAN FOLLOWING DEFAULT UNDER PARAGRAPH (3)(VII).

20 SECTION 2506. LIMITATIONS.

21 THE RECEIPT OF A LOAN UNDER THIS CHAPTER SHALL NOT CONSTITUTE  
22 AN ENTITLEMENT DERIVED FROM THE COMMONWEALTH OR A CLAIM ON ANY  
23 FUNDS OF THE COMMONWEALTH.

24 SECTION 2507. REGULATIONS.

25 THE AGENCY MAY ADOPT REGULATIONS AS ARE NECESSARY TO CARRY  
26 OUT THE PROVISIONS OF THIS CHAPTER.

27 CHAPTER 27

28 MISCELLANEOUS PROVISIONS

29 SECTION 2701. DEFINITIONS.

30 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER

1 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
2 CONTEXT CLEARLY INDICATES OTHERWISE:

3 "PARTICIPATING MANUFACTURER." AS DEFINED IN THE MASTER  
4 SETTLEMENT AGREEMENT.

5 "RELEASED CLAIM." AS DEFINED IN THE MASTER SETTLEMENT  
6 AGREEMENT.

7 SECTION 2702. DISBURSEMENT TO COUNTIES.

8 (A) COUNTIES.--IF A COUNTY MAINTAINS OR FINANCIALLY SUPPORTS  
9 AN ACTION AT LAW OR IN EQUITY AGAINST A PARTICIPATING  
10 MANUFACTURER FOR A RELEASED CLAIM, NO MONEY AVAILABLE AS A  
11 RESULT OF THE MASTER SETTLEMENT AGREEMENT SHALL BE DISBURSED TO  
12 ANY ENTITY WITHIN THE COUNTY UNTIL THE ACTION IS WITHDRAWN OR  
13 DISMISSED.

14 (B) OTHER POLITICAL SUBDIVISIONS.--IF A POLITICAL  
15 SUBDIVISION OTHER THAN A COUNTY MAINTAINS OR FINANCIALLY  
16 SUPPORTS AN ACTION AT LAW OR IN EQUITY AGAINST A PARTICIPATING  
17 MANUFACTURER FOR A RELEASED CLAIM, NO MONEY AVAILABLE AS A  
18 RESULT OF THE MASTER SETTLEMENT AGREEMENT SHALL BE DISBURSED TO  
19 ANY ENTITY IN THE COUNTY IN WHICH THE POLITICAL SUBDIVISION IS  
20 LOCATED UNTIL THE ACTION IS WITHDRAWN OR DISMISSED.

21 SECTION 2703. PROHIBITION.

22 (A) GENERAL RULE.--RECIPIENTS OF FUNDS UNDER THIS ACT ARE  
23 PROHIBITED FROM USING THESE FUNDS FOR LOBBYING ACTIVITIES.

24 (B) DEFINITION.--AS USED IN THIS SECTION, THE TERM "LOBBING  
25 ACTIVITIES" MEANS EFFORTS TO INFLUENCE STATE OR LOCAL  
26 LEGISLATIVE ACTION OR ADMINISTRATIVE ACTION. THE TERM INCLUDES  
27 DIRECT OR INDIRECT COMMUNICATION.

28 CHAPTER 51

29 APPROPRIATIONS

30 SECTION 5101. ONE-TIME APPROPRIATIONS FOR 2001-2002.

1 (A) TOBACCO SETTLEMENT FUNDS.--THE  
2 FOLLOWING SUMS, OR AS MUCH THEREOF AS  
3 MAY BE NECESSARY, ARE HEREBY  
4 SPECIFICALLY APPROPRIATED FROM THE  
5 TOBACCO SETTLEMENT FUND FOR THE FISCAL  
6 YEAR 2001-2002:

7 (1) GOVERNOR.--THE FOLLOWING  
8 AMOUNTS ARE APPROPRIATED TO THE  
9 GOVERNOR:

FEDERAL	STATE
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10 FOR TRANSFER TO THE TOBACCO  
11 ENDOWMENT ACCOUNT.

12 STATE APPROPRIATION.....	25,783,000
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13 (2) DEPARTMENT OF COMMUNITY AND  
14 ECONOMIC DEVELOPMENT.--THE FOLLOWING  
15 AMOUNTS ARE APPROPRIATED TO THE  
16 DEPARTMENT OF COMMUNITY AND ECONOMIC  
17 DEVELOPMENT:

FEDERAL	STATE
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18 FOR TRANSFER TO THE HEALTH VENTURE  
19 INVESTMENT ACCOUNT PURSUANT TO SECTION  
20 305(F) AND (G).

21 STATE APPROPRIATION.....	60,000,000
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22 FOR REGIONAL BIOTECHNOLOGY RESEARCH  
23 CENTERS PURSUANT TO CHAPTER 17.

24 STATE APPROPRIATION.....	100,000,000
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25 (3) DEPARTMENT OF HEALTH.--THE  
26 FOLLOWING AMOUNTS APPROPRIATED TO THE  
27 DEPARTMENT OF HEALTH:

FEDERAL	STATE
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28 FOR GRANTS FOR THE PURCHASE OF  
29 MEDICAL AND SURGICAL EQUIPMENT  
30 PURSUANT TO CHAPTER 19.

1 STATE APPROPRIATION..... 20,000,000  
 2 FOR GRANTS FOR THE COMMUNITY-BASED  
 3 HEALTH CARE ASSISTANCE PROGRAM  
 4 PURSUANT TO CHAPTER 21.

5 STATE APPROPRIATION..... 25,000,000  
 6 (4) DEPARTMENT OF PUBLIC  
 7 WELFARE.--THE FOLLOWING AMOUNTS ARE  
 8 APPROPRIATED TO THE DEPARTMENT OF

9 PUBLIC WELFARE:	FEDERAL	STATE
10 FOR HOSPITAL UNCOMPENSATED CARE		
11 PURSUANT TO SECTIONS 1103 AND 1104.		

12 STATE APPROPRIATION..... 15,000,000

13 (5) PENNSYLVANIA HIGHER EDUCATION  
 14 ASSISTANCE AGENCY.--THE FOLLOWING  
 15 AMOUNTS ARE APPROPRIATED TO THE  
 16 PENNSYLVANIA HIGHER EDUCATION  
 17 ASSISTANCE AGENCY:

FEDERAL	STATE
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18 FOR LOW-COST LOANS TO MEDICAL  
 19 SCHOOL STUDENTS AND GRADUATE STUDENTS  
 20 IN BIOMEDICINE OR LIFE SCIENCES  
 21 PURSUANT TO CHAPTER 25.

22 STATE APPROPRIATION..... 5,000,000

23 FOR LOW-COST LOANS AND LOAN  
 24 FORGIVENESS FOR NURSING SCHOOL  
 25 STUDENTS PURSUANT TO CHAPTER 25.

26 STATE APPROPRIATION..... 3,000,000

27 (B) FEDERAL FUNDS.--IN ADDITION,  
 28 ANY FEDERAL FUNDS RECEIVED FOR ANY  
 29 PROGRAMS REFERRED TO IN SUBSECTION (A)  
 30 ARE HEREBY SPECIFICALLY APPROPRIATED

1 TO THOSE PROGRAMS.

2 (C) LAPSING.--ALL APPROPRIATIONS  
3 IN THIS SECTION SHALL LAPSE ON JUNE  
4 30, 2002, EXCEPT FOR THE FOLLOWING:

5 THE APPROPRIATIONS TO THE  
6 DEPARTMENT OF HEALTH FOR GRANTS FOR  
7 THE PURCHASE OF MEDICAL AND SURGICAL  
8 EQUIPMENT PURSUANT TO CHAPTER 19 AND  
9 GRANTS FOR THE COMMUNITY-BASED HEALTH  
10 CARE ASSISTANCE PROGRAM PURSUANT TO  
11 CHAPTER 21 SHALL LAPSE ON JUNE 30,  
12 2003.

13 (D) TRANSFER--THE SUM OF  
14 \$68,508,000 IS TRANSFERRED FROM THE  
15 FUND TO THE GENERAL FUND FOR HEALTH-  
16 RELATED PROGRAMS.

17 SECTION 5102. SUNSET.

18 SECTION 5101 SHALL EXPIRE JUNE 30, 2003.

19 SECTION 5103. EFFECTIVE DATE.

20 THIS ACT SHALL TAKE EFFECT JULY 1, 2001, OR IMMEDIATELY,  
21 WHICHEVER IS LATER.