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; 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 tobacco use prevention;
9 conferring powers and duties on the Department of Health;
10 establishing the Uncompensated Care Program in the Department
11 of Public Welfare; providing for home and community-based
12 care services to certain individuals for responsibilities of
13 the Department of Aging and the Department of Public Welfare;
14 establishing regional biotechnology research centers and
15 providing for powers and duties of the Department of
16 Community and Economic Development and the Department of
17 Health; and making appropriations.

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30 Section 5102. Effective date.
The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

CHAPTER 1
PRELIMINARY PROVISIONS

Section 101. Short title.
This act shall be known and may be cited as the Health Care Improvement 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.

CHAPTER 3
HEALTH INVESTMENT

Section 301. Scope.
This chapter deals with establishing a special fund and account for money received by the Commonwealth from the Master Settlement Agreement with tobacco manufacturers; and establishing the Tobacco Settlement Investment Board.

Section 302. 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:
"Account." The Tobacco Endowment Account established in section 303(b).
"Board." The Tobacco Settlement Investment Board established in section 304(a).
"Fund." The Tobacco Settlement Fund established in section 303(a).
"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.


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

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

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

Section 303. Establishment of special fund and account.

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

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

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

(2) The strategic contribution payments received by the Commonwealth pursuant to the Master Settlement Agreement.
(3) Five percent of any other payment received by the Commonwealth pursuant to the Master Settlement Agreement.

(4) Earnings derived from the investment of the money in the fund after deduction of investment expenses.

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

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

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

Section 304. Tobacco Settlement Investment Board.

(a) Establishment.--There is hereby established the Tobacco Settlement Investment Board, consisting of 11 members as follows: the Governor or a designee; the Secretary of the Budget; the State Treasurer or a designee; one member appointed by the President pro tempore of the Senate and one member appointed by the Minority Leader of the Senate; one member appointed by the Speaker of the House of Representatives and one member appointed by the Minority Leader of the House of Representatives; three members appointed by the Governor; and one member appointed by the State Treasurer. Legislative appointments shall serve at the pleasure of the appointing authority. Other appointed members shall serve for a term of four years and until a successor is appointed. Members of the board shall serve without compensation, but shall be reimbursed for actual and reasonable expenses incurred in the performance of their official duties. The Governor shall select one member as chairperson, and the members of the board shall select one
member as secretary.

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

(c) Expenses.--All expenses of the board and related professional personnel expenses shall be paid from investment earnings of the Tobacco Endowment Account. The board shall, through the Governor, submit to the General Assembly an annual budget covering its proposed administrative expenses. Approved expenses of the board and its professional personnel shall be deducted from the investment earnings of the Tobacco Endowment Account. Concurrently with its annual budget request, the board shall submit to the General Assembly a list of proposed expenditures for the period covered by the budget request that the board intends to pay through the use of directed commissions, together with a list of the actual expenditures from the previous year actually paid by the board through the use of directed commissions. All such directed commission expenditures shall be made by the board for the exclusive benefit of the fund and the Tobacco Endowment Account.

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

Section 305. Investment of fund and accounts.

(a) Control and management.--Notwithstanding any other provision of law, the board shall have exclusive control and authority to manage and invest money in the fund and the account in accordance with this section, subject, however, to the exercise of that degree of judgment, skill and care under the circumstances then prevailing that persons of prudence, discretion and intelligence, who are familiar with investment matters, exercise in the management of their own affairs, not in
regard to speculation but in regard to permanent disposition of
the funds, considering the probable income to be derived from
the investments and the probable safety of their capital. The
board may hold, purchase, sell, lend, assign, transfer or
dispose of investments in which money in the fund or the
accounts has been invested and of the proceeds of the
investments, including any directed commissions that have
accrued to the benefit of the fund or the accounts as a
consequence of the investments, and of money belonging to the
fund or the accounts subject to the standard of prudence in this
section.

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

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

(d) Authorized investment vehicles for the fund and the
Tobacco Endowment Account.--The board may invest the money in
the fund and the Tobacco Endowment Account in investments that
meet the standard of prudence set forth in subsection (a) by
becoming a limited partner in partnerships that will hold such
investments; or by acquiring shares or units of participation or
otherwise participating beneficially in bank collective trusts
or in the separate accounts of any insurance company authorized
to do business in this Commonwealth; or by acquiring stocks or
shares or units of participation or otherwise participating
beneficially in a corporate fund or trust organized or created
and existing under the laws of the United States or of any
state, district or territory thereof, if the corporate funds or
trusts are maintained for and consist of assets of employees'
benefit trusts, including governmental plans as defined in
section 414(d) of the Internal Revenue Code of 1986 (Public Law
99-514, 26 U.S.C. § 414(d)), or which meet the requirements for
qualification under section 401 of the Internal Revenue Code of
1986 (26 U.S.C. § 401). The liability of the fund or the
accounts shall be limited to the amount of their investment
under this subsection.

(e) Additional authorized investment vehicles for the
Tobacco Endowment Account.--The board may invest the money in
the Tobacco Endowment Account in investments that meet the
standard of prudence set forth in subsection (a) by becoming a
limited partner in partnerships that make venture capital
investments by acquiring equity interests or a combination of
debt and equity interests in businesses which are expected to
grow substantially in the future and in which the expected
returns on investment are to come predominantly from an increase
in value of the equity interests and are not interests in or
secured by real estate. Venture capital investments shall be
limited to not more than 2% of the book value of the total
assets of the Tobacco Endowment Account as determined for
financial purposes as of June 30 next preceding the date of
investment. A venture capital investment may only be made if, in
the judgment of the board, the investment is reasonably likely
to enhance the general welfare of this Commonwealth and its
citizens. In determining whether an investment meets the
standard of prudence required by subsection (a), the board may
consider, together with the expected return on and the risk
characteristics of the particular investment, the actual and
expected future returns and the risk characteristics of the
total venture capital investments held by the board at the time
and the degree to which the proposed new investment would
promote further diversification within the venture capital asset
class.

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

Section 306. Use of Tobacco Settlement Fund.

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

Section 307. Use of Tobacco Endowment Account.

Whenever the Governor determines that money from the Tobacco
Endowment Account is necessary to meet the extraordinary or
emergency health care needs of the citizens of this
Commonwealth, the Governor shall present a detailed spending
proposal with a request for an appropriation and any necessary
legislation to the chairman of the Appropriations Committee of
the Senate and the chairman of the Appropriations Committee of
the House of Representatives. The General Assembly may, through
approval of a separate appropriation bill by a vote of two-
thirds of the members elected to the Senate and to the House of Representatives, appropriate money from the Tobacco Endowment Account to meet the needs identified in the Governor's request. Any money appropriated under this section that lapses shall be returned to the Tobacco Endowment Account.

Section 308. Annual report.

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

(1) a listing of individual securities that exceed one-year duration either purchased or sold during the fiscal year;
(2) a listing of individual securities held at the end of the fiscal year; and
(3) the realized and unrealized gains or losses resulting from appreciation or depreciation of securities owned at any time during the fiscal year.

CHAPTER 5

HEALTH INVESTMENT INSURANCE

Section 501. Scope.

This chapter deals with health investment insurance.

Section 502. 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:

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

"Department." The Insurance Department of the Commonwealth.

"Eligible adult." A low-income adult who meets all of the following:

1. Legally resides within the United States.
2. Has been domiciled in this Commonwealth for at least 90 days prior to enrollment.
3. Is not covered by a health insurance plan, a self-insurance plan or a self-funded plan.
4. Has not been covered by a health insurance plan, a self-insurance plan or a self-funded plan during the three months immediately preceding the determination of eligibility unless the individual:
   (i) Is currently eligible to receive benefits pursuant to the act of December 5, 1936 (2nd Sp.Sess., 1937 P.L.2897, No.1), known as the Unemployment Compensation Law.
   (ii) Was covered under one of the above plans, but is no longer employed and is presently ineligible to receive benefits pursuant to the Unemployment Compensation Law.
   (iii) Is the spouse of an adult in subparagraph (i) or (ii).
5. Is ineligible for medical assistance or Medicare.

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

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

"Low-income adult." An individual who is between 19 and 64
years of age and whose household income is less than 200% of the
Federal poverty level at the time of eligibility determination.

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

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

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

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

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

Section 503. Adult basic coverage insurance program.

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

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

(1) Submit an application to the department.

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

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

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

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

(d) Insufficient appropriations.--The department shall
maintain a waiting list of eligible adults who have applied for
adult basic coverage insurance but who are not enrolled due to
insufficient appropriations. The department shall maintain the
list in a manner that reflects the order in which applications
were received by the department. An eligible adult placed on the list shall be notified when that eligible adult becomes eligible for subsidization of the benefit package. An eligible adult who does not receive adult basic coverage insurance due to insufficient appropriations to the program may purchase the benefit package in subsection (f)(2) at the actual cost of the benefit package.

(e) Department responsibilities.--The department shall:

(1) Administer the adult basic coverage insurance program.

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

(3) Conduct monitoring and oversight of executed contracts.

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

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

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

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

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

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

(i) Ensure, to the greatest extent possible, that on
a Statewide basis eligible adults have access to primary
health care physicians and nurse practitioners.

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

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

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

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

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

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

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

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

(i) Preventive care.

(ii) Physician services.

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

(iv) Inpatient hospitalization.

(v) Outpatient hospital services.

(vi) Emergency accident and emergency medical care.

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

(g) Proposals.—Upon publication of a request for proposals,
an entity and its subsidiaries that operate subject to the
provisions of 40 Pa.C.S. Ch. 61 (relating to hospital plan
corporations) or 63 (relating to professional health services
plan corporations), or both, shall submit a proposal to the
department to carry out the purposes of this section. Upon
publication of a request for proposals, an insurer doing
business in this Commonwealth may submit a proposal to the
department to carry out the purposes of this section.

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

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

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

(3) Select offerors that limit administrative expenses
to no more than 7.5% of the amount of any contract. If after
the first three full years of operation any contractor
presents documented evidence that administrative expenses are in excess of 7.5% of the amount of the contract, the department may make an additional payment, not to exceed 2.5% of the amount of the contract, for future administrative expenses to the contractor to the extent that the department finds the expenses reasonable and necessary.

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

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

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

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

CHAPTER 7

TOBACCO USE PREVENTION AND CESSATION EFFORTS

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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 Department of Health under section 704.

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

(1) A for-profit or nonprofit organization 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 under 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.

(6) A school district or intermediate unit.

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

Section 703. Tobacco prevention program.

(a) Establishment.--There is hereby established in the
department a tobacco prevention program. Appropriations from the
fund to the department for the tobacco prevention program shall
be used to implement the tobacco prevention program.

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

(1) Statewide, community and school programs designed to
reduce tobacco use.

(2) Chronic disease programs to reduce the burden of tobacco-related diseases.

(3) Enforcement.

(4) Counter-marketing.

(5) Cessation programs.

(6) Monitoring program accountability.

(7) Administration and management.

Section 704. Powers and duties of department.

The department has the following powers and duties:

(1) To administer the tobacco prevention program in a manner which provides Statewide and local services to Commonwealth residents.

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

(3) On a Statewide basis, to award grants and enter into contracts to implement the priorities established under paragraph (2). The department shall set specific goals for the reduction of tobacco consumption under programs developed by Statewide grant recipients.

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

(5) To enter into contracts with at least one and no more than two primary contractors in each service area, under section 708.

(6) To approve plans submitted by primary contractors,
including the goals to be met by the primary contractors for each service area.

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

(8) To determine the level of tobacco use in this Commonwealth and each of the service areas and monitor changes in the level of tobacco use in this Commonwealth and each of the service areas based on available information.

(9) To submit a report to the chair and minority chair of the Public Health and Welfare Committee of the Senate and the chair and minority chair of the Health and Human Services Committee of the House of Representatives. The annual report also shall be posted on the department's publicly accessible World Wide Web site. The report shall include the activities of the department in implementing the act, including:

(i) Identification of Statewide grant recipients.

(ii) Identification of the primary contractor and all service providers in each service area.

(iii) Identification of tobacco prevention program priorities under paragraph (2).

(iv) The goals of each primary contractor and whether its goals have been met.

Section 705. Committee.

(a) Establishment.--There is established in the department the Tobacco Use Prevention and Cessation Advisory Committee.
(b) Membership.--The committee is comprised of the following:

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

(2) Six members appointed by the secretary.

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

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

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

(d) Terms.--

(1) The secretary shall serve ex officio.

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

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

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

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

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

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

(g) Powers and duties.--The committee has the following powers and duties:

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

(2) Make annual recommendations to the department regarding tobacco use prevention and cessation priorities.

(3) Make annual recommendations to the department on the evaluation procedures to be used in approving primary contractors and service providers.

Section 706. Primary contractors.

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

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

(c) Grants.--The primary contractor shall award grants to
service providers to implement the tobacco prevention program for the service area. The grants must be approved by the department.

(d) Duties of primary contractor.--The primary contractor shall do all of the following:

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

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

(3) Establish tobacco reduction goals for each service provider in the service area consistent with the plan adopted under paragraph (1).

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

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

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

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

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

(9) Prepare and submit reports as required by the department.

Section 707. Service providers.

(a) Applications.—Service providers must apply to the primary contractor in their service area for a grant to deliver tobacco prevention program services in accordance with section 506. An application to be a service provider must include a description of the purpose of the service and the manner in which the service will reduce or prevent tobacco use. The application shall include the method by which the service provider will be evaluated.

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

(1) Expenditures made with the grant awards.

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

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

Section 708. Contracts and grants.

(a) Contracts.—Contracts shall be awarded in accordance with 62 Pa.C.S. (relating to procurement) and may be awarded on a multiple-award basis. Contracts with primary contractors and Statewide contractors shall be for a period not to exceed three years.

(b) Grants.—

(1) At least 60% of the funds allocated under this
chapter shall be used for grants to primary contractors to
develop tobacco prevention programs.

(2) The remaining funds allocated under this chapter
shall be used for Statewide efforts consistent with the
priorities established under section 704(2).

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

(d) Restrictions.--A tobacco company or an agent or
subsidiary of a tobacco company may not be awarded a contract as
a Statewide contractor, primary contractor or service provider.

Section 709. Accountability.

(a) Audits.--Contracts with Statewide tobacco prevention
program contractors shall be subject to audit as provided by
law. Contracts with primary contractors and grants with service
providers shall be subject to an annual audit by the department.
Audits of these contracts and grants are to be conducted in
accordance with generally accepted accounting principles.

(b) Review procedures.--Any Statewide tobacco prevention
program contractor, primary contractor or service provider that
receives a contract or a grant under this chapter shall be
subject to review by the department. As appropriate, information
submitted to the department shall include the following:

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

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

(3) Any changes in the incidence of tobacco use among
target populations established through tobacco prevention
program priorities.

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

(c) Penalty.—A Statewide tobacco prevention program
contractor, a primary contractor or a service provider that
fails to meet audit or performance review standards may be
subject to a reduction in or ineligibility for future grant
funding.

CHAPTER 9
UNCOMPENSATED CARE

Section 901. Scope.
This chapter deals with uncompensated care.

Section 902. 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:

"Children's Health Insurance Program." The insurance program
established by Article XXIII of the act of May 17, 1921
(P.L.682, No.284), known as The Insurance Company Law of 1921.
"Department." The Department of Public Welfare of the
Commonwealth.

"Emergent medically necessary services." Immediate medical
care necessary to treat any serious or life-threatening medical
condition and consistent with the concept of emergency services
as set forth in section 2116 of the act of May 17, 1921
(P.L.682, No.284), known as The Insurance Company Law of 1921.
"Extraordinary expenses." The cost of hospital inpatient services provided to the uninsured, in excess of twice the hospitals' average cost per stay for all patients.

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

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

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

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

"Medical assistance day." An inpatient day when the individual admitted to the hospital is eligible for medical assistance or for a similar program in other states.

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

"Net patient revenue." The actual revenue received by a
hospital for services provided to individuals. The term does not
include revenue from other operations, such as cafeteria,
parking, rent, research and educational activities.
"Pennsylvania Health Care Cost Containment Council." The
council established pursuant to the act of July 8, 1986
(P.L.408, No.89), known as the Health Care Cost Containment Act.
"Qualified hospital." An eligible hospital which has an
uncompensated care score exceeding the median score of all
eligible hospitals.
"Uncompensated care." The cost of care provided to
individuals unable or unwilling to pay for services provided by
a hospital.
"Uninsured." An individual who has no health insurance
coverage or whose coverage does not reimburse for some or all of
the medically necessary services provided by a hospital.
Section 903. Hospital uncompensated care payments.
(a) Program establishment.--There is established in the
department a hospital uncompensated care program. Appropriations
from the fund to the department for the program shall be used to
compensate hospitals for uncompensated care to individuals.
(b) Department responsibilities.--The department has the
following powers and duties:
(1) Administer the hospital uncompensated care program.
(2) Determine the eligibility of hospitals on an annual
basis. Notice of eligibility shall be published in the
Pennsylvania Bulletin by April 1 for the forthcoming fiscal
year.
(3) Calculate uncompensated scores for eligible
hospitals under section 904(c).
(4) Calculate and make payments to qualified hospitals
under section 904(d).

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

(6) Publish an annual report of all payments made under this chapter. The report shall be delivered to the General Assembly and made available for public inspection. The report shall list all of the following:

(i) The name and address of each applicant hospital.
(ii) The name and address of each payment recipient.
(iii) The amount of the payment.

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

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

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

Section 904. Eligibility and payment.

(a) Determination of eligibility.--The department shall determine the eligibility of each hospital from information collected under section 903(c).

(b) Requirements for hospitals.--A hospital is eligible for payment from the uncompensated care program if the hospital does all of the following:

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

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

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

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

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

(c) Uncompensated care scoring.--The department shall calculate the uncompensated care score of each eligible hospital


from collected data. If information necessary to determine the uncompensated score of an eligible hospital is unavailable due to the refusal of the hospital to provide the information, the hospital shall not be eligible for payment from the uncompensated care program. An eligible hospital's uncompensated score shall be the sum of:

1. the amount of uncompensated care provided as a percentage of net patient revenue;
2. the number of Medicare SSI days as a percentage of inpatient days; and
3. the number of medical assistance days as a percentage of total inpatient days.

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

1. Multiplying each qualified hospital's uncompensated care score by the three-year average of its total reported inpatient days.
2. Dividing the product under paragraph (1) for each qualified hospital by the sum of the products under paragraph (1) for all qualified hospitals.
3. Multiplying the quotient under paragraph (2) by the appropriation from the fund to the hospital uncompensated care program.

(e) Limitations.--

1. The sum of payments to a qualified hospital under this section and payments under medical assistance shall not exceed the aggregate cost of the inpatient and outpatient services furnished to:
   (i) recipients entitled to medical benefits under Title XIX of the Social Security Act (49 Stat. 620, 42
U.S.C. § 1396 et seq.);

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

(iii) the uninsured.

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

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

Section 905. Reimbursement for extraordinary expense.

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

(b) Department responsibilities.--The department shall:

(1) Administer the extraordinary expense program.

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

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

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

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

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

(c) Eligibility.--

(1) A hospital may receive payment under this section if the hospital is ineligible for payment under section 904 and the hospital provided uncompensated care to an individual with extraordinary expenses in the most recent fiscal year for which data is available.

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

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

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

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

(e) Limitations.--

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

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

Section 906. Amounts.

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

CHAPTER 11

COMMONWEALTH UNIVERSAL RESEARCH ENHANCEMENT

Section 1101. Scope.

This chapter deals with universal research enhancement.

Section 1102. 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:

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

"Applicant." Any of the following:

(1) A person.

(2) An institution.

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

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

"Clinical research." Patient-oriented research which involves direct interaction and study of the mechanisms of human disease, including therapeutic interventions, clinical trials, epidemiological and behavioral studies and the development of new technology.
"Collaborative research." Peer-reviewed biomedical, clinical or health services research conducted jointly by two or more applicants that cooperate to identify priorities and conduct research which provides for the sharing of infrastructure, resources and expertise.

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

"Health services research." Any of the following:

(1) Research on the promotion and maintenance of health.
(2) The prevention and reduction of disease.

"Infrastructure." Equipment, supplies, personnel, laboratory construction or renovations, or the acquisition or maintenance of technology.

"Institution." Any of the following located in this Commonwealth:

(1) A nonprofit entity that conducts research.
(2) A hospital established under the act of July 19, 1979 (P.L.130, No.48), known as the Health Care Facilities Act.
(3) An institution of higher education.

"NIH." The National Institutes of Health.

"Peer review." A process approved by the Department of Health or the National Institutes of Health in which a review panel which includes an applicant's professional peers reviews and evaluates research grant applications using a rating system of scientific and technical merit.

"Research." Includes biomedical, clinical, collaborative and health services research.

Section 1103. Health research program.

(a) Program establishment.--There is hereby established in the Department of Health a health research program, which shall
be known as the Commonwealth Universal Research Enhancement Program. Appropriations from the fund to the department shall be used to fund research projects conducted by eligible applicants. This includes all of the following:

(1) Biomedical research.
(2) Health services research.
(3) Collaborative research.
(4) Clinical research.

(b) Advisory committee.--

(1) There is hereby established in the Department of Health the Health Research Advisory Committee.
(2) The committee is comprised of the following:
   (i) The Secretary of Health or a designee, who shall serve as chairperson.
   (ii) Four members appointed by the secretary.
(3) Members appointed to the committee must possess expertise in health care or health research, including institution-based research specialists, practicing clinicians and public health professionals.
(4) Terms are as follows:
   (i) The secretary shall serve ex officio.
   (ii) A member under paragraph (2)(ii) shall serve a term of four years.
   (iii) An appointment to fill a vacancy shall be for the period of the unexpired term or until a successor is appointed and qualified.
(5) The committee shall meet as needed, but at least twice a year, to fulfill the purposes provided for in this chapter. A majority of the members of the committee constitutes a quorum. A majority of the members of the
committee has authority to act upon any matter properly
before it. The committee is authorized to establish rules for
its operation and shall obtain public input and make
recommendations to the department regarding research
priorities, evaluation and accountability procedures, and
related issues. Meetings of the committee shall be conducted
under 65 Pa.C.S. Ch. 7 (relating to open meetings).

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

Section 1104. Department responsibilities.
The department has the following powers and duties:

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

(2) Establish, in conjunction with the Health Research
Advisory Committee, the research priorities of the
Commonwealth. In developing these research priorities, the
national health promotion and disease prevention objectives
established by the United States Department of Health and
Human Services, as applied to this Commonwealth, shall be
considered. The priorities shall include the identification
of critical research areas, disparities in health status
among various Commonwealth populations, expected research
outcomes and benefits and disease prevention and treatment
methodologies. The priorities shall be reviewed annually and
revised as necessary.

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

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

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

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

Section 1105. Peer review procedures to determine research project eligibility.

(a) Peer review.--Except for formula-funded research, as provided for in section 1108, all research funded under this act shall be peer reviewed in accordance with this section.

(b) Prior review.--The department may fund research that has been previously peer reviewed by the National Institutes of Health, the Centers for Disease Control and Prevention or other Federal agency.

(c) Other research.--Research not previously peer reviewed as provided for in subsection (b) shall be peer reviewed prior to receiving funding under this act in accordance with subsection (d).

(d) Panels.--Peer review of research applications under subsection (c) shall be conducted as follows:

(1) The department shall convene peer review panels in various disciplines as necessary to review research proposals that are consistent with the priorities established under section 1104(2).

(2) The department shall appoint nationally recognized
physicians, scientists and researchers to serve on peer
review panels convened to review research in the same
discipline. Members of review panels may be from other
states.

(3) The department shall establish procedures to ensure
that members of peer review panels do not have conflicts of
interest.

Section 1106. Use of funds.

(a) Allocation.--Funds under this section shall be allocated
as follows:

(1) No less than 50% of the funds appropriated under
this section shall be used to fund research pursuant to
section 1108.

(2) No less than 40% of the funds appropriated under
this section shall be used to fund collaborative research
projects by eligible applicants.

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

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

Section 1107. Applications.

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

(1) The name and address of the applicant.

(2) The identification of eligible researchers.
(3) The description of the purpose and methodology of
the research project.

(4) The expected research outcomes and benefits.

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

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

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

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

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

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

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

Section 1108. National Institutes of Health funding formula.

(a) Eligibility.--An institution that conducts research in
this Commonwealth and has received funding from the National
Institutes of Health during each of the three immediately
preceding Federal fiscal years shall be eligible to receive a
grant pursuant to section 1106(a)(1).

(b) Fund distribution.--Funds shall be distributed to an
eligible institution based on the percentage calculated by dividing that institution's average award from the National Institutes of Health for the three immediately available preceding Federal fiscal years divided by the sum of the average annual award from the National Institutes of Health for all Pennsylvania-based eligible institutions during the three immediately available preceding Federal fiscal years.

(c) Exceptions.--

(1) No eligible institution shall receive a grant of more than 20% of the funds available under section 1106(a)(1) in any fiscal year.

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

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

(d) Remaining funds.--As a result of the exceptions contained in subsection (c), funds distributed pursuant to subsection (b) shall be redistributed to the other eligible institutions on a revised proportional basis.

Section 1109. Accountability procedures.

(a) Requirements.--An applicant that receives a research grant under section 1106 shall be subject to review by the department upon completion of a research project. The review shall be based on an evaluation process developed by the department in consultation with the advisory committee.

Information shall be submitted by research grant recipients to the department on an annual basis and shall include, as applicable, the following:

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

(2) The extent of clinical activities initiated and completed, detailing the number of treatment, prevention and diagnostic studies; the number of hospitals and health care professionals; the number of subjects relative to targeted goals; and the extent of penetration of the studies throughout the region or this Commonwealth.

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

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

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

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

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

CHAPTER 13

HOME AND COMMUNITY-BASED CARE

Section 1301. Scope.

This chapter deals with home and community-based care.

Section 1302. 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:

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

(1) Legally resides in the United States.
(2) Is domiciled in this Commonwealth for at least 30 days prior to requesting an assessment.
(3) Is 60 years of age or older.

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

"Fund." The Tobacco Settlement Fund established in section 303.

"Funded individual." A recipient who meets all of the following:

(1) Is assessed to be in need of care equivalent to the level of care provided by a nursing facility.
(2) Is financially eligible for medical assistance under the act of June 13, 1967 (P.L.31, No.21), known as the Public Welfare Code.

"Home and community-based services." The services provided to recipients through the options program.

"Nursing facility." Premises which is:

(1) licensed under the act of July 19, 1979 (P.L.130, No.48), known as the Health Care Facilities Act; and
(2) qualified to participate under Title XIX of the Federal Social Security Act.

"Options program." The program established and administered by the Department of Aging in cooperation with the Department of Health and the Department of Public Welfare pursuant to section 2203-A(17.1) and (17.2) of the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 1929.

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

Section 1303. Home and community-based care services.

(a) Appropriations.--Appropriations from the fund to the Department of Public Welfare for home and community-based services shall be used to pay certified providers for home and community-based services provided to funded individuals. Appropriations from the fund to the Department of Aging for home and community-based services shall be used to recruit and enroll qualified providers and to provide funding to entities designated by the Department of Aging to provide home and community-based services to assisted individuals.

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

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

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

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

(c) Ineligible recipient.--A recipient who is determined by the Department of Public Welfare and the Department of Aging not to be a funded individual or an assisted individual may purchase home and community-based services from the entity designated by...
the Department of Aging under the options program to provide
home and community-based services in the recipient's county of
residence.

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

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

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

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

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

(1) Determine the financial eligibility of funded
individuals.

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

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

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

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

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

(g) Department of Aging responsibilities.--The Department of Aging shall do all of the following:

(1) Collect copayments from assisted individuals for home and community-based services.

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

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

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

(h) Limitation.--In no case shall the total aggregate amount of payments to certified providers under this chapter exceed Federal appropriations and State appropriations from the fund to the Department of Public Welfare for home and community-based services. In no case shall the total aggregate amount of payments to entities under this act exceed Federal appropriations and State appropriations from the fund to the Department of Aging for home and community-based services.
Section 1501. Scope of chapter.

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

Section 1502. 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:

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

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

"Worker with a disability." An individual who:

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

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

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

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

(5) Has countable resources equal to or less than two times the SSI resource level established pursuant to 42 U.S.C. § 1382.
disabilities.

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

(b) Worker with a disability responsibilities.--A worker with a disability seeking to purchase medical assistance benefits shall:

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

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

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

(d) Department of Public Welfare responsibilities.--The Department of Public Welfare shall:

(1) Administer the medical assistance purchase program.

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

(e) Limitations.--Provision of medical assistance benefits pursuant to this section shall not exceed the annual amount of State funds appropriated to the medical assistance purchase program.
program for workers with disabilities.

CHAPTER 17

HEALTH VENTURE INVESTMENT

Section 1701. Scope of chapter.

This chapter deals with authorized investments for the Health Venture Investment Account.

Section 1702. 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:

"Board." The Tobacco Settlement Investment Board established in section 304(a).

Section 1703. Health Venture Investment Account.

There is established within the fund the Health Venture Investment Account.

Section 1704. Authorized investment vehicles for the Health Venture Investment Account.

The board may invest the money in the Health Venture Investment Account in investments that meet the standard of prudence set forth in section 305(a) by becoming a limited partner in partnerships that make venture capital investments by acquiring equity interests or a combination of debt and equity interests in health care, biotechnology or any other health-related businesses that are expected to grow substantially in the future and in which the expected returns on investment are to come predominantly from increases in value of the equity interests and are not interests in or secured by real estate.

The board may invest in one or more limited partnerships or comparable investment entities provided that the investment guidelines and strategies of each investment entity require that
at least 70% of the investments will be made in companies
located primarily in Pennsylvania or in companies willing to
relocate significant business operations to Pennsylvania.

CHAPTER 19

REGIONAL BIOTECHNOLOGY RESEARCH CENTERS

Section 1901. Scope of chapter.

This chapter deals with the establishment of regional
biotechnology research centers.

Section 1902. Regional research centers.

(a) Establishment of centers.--The Department of Community
and Economic Development, in consultation with the Department of
Health, shall establish three regional biotechnology research
centers to facilitate research through the sharing of funds and
infrastructure.

(b) Nonprofit corporations to own and operate centers.--The
Department of Community and Economic Development shall seek
applicants for the purpose of forming nonprofit corporations
which shall own and operate regional biotechnology research
centers.

(c) Board of directors.--The nonprofit corporation shall
establish a board of directors consisting of at least seven
members of which the Secretary of Community and Economic
Development and the Secretary of Health or their designees shall
be ex officio members. The board of directors shall include
representatives of the for-profit and nonprofit institutions and
organizations participating in the research center, as well as
other representatives of local, civic or community groups.

(d) Board chairperson.--The Secretary of Community and
Economic Development shall appoint the chairperson of the board
of directors, who shall serve a term of four years.
(e) Functions of centers.—The regional biotechnology research centers shall develop and implement biotechnology research projects which promote and coordinate research in this Commonwealth in order to:

(1) Create or enhance research and related industries in Pennsylvania.

(2) Develop high quality and commercially useful patents.

(3) Attract venture capital investments.

(4) Attract and retain leading scientists.

(5) Encourage training and educational programs.

(6) Develop regional research specialties.

(7) Implement the commercial development of new research discoveries.

(f) Application.—The board of directors of each regional biotechnology research center shall submit an application to the Secretary of Community and Economic Development which contains the following:

(1) A listing of the for-profit and nonprofit institutions and organizations that will comprise the nonprofit corporation and that will own and operate the research center.

(2) The names and affiliations of the members of the board of directors for the nonprofit corporation.

(3) The proposed programs, activities and categories of research to be conducted at the center.

(4) The plans for marketing the research center to regional institutions and corporations to build awareness and encourage participation.

(5) The proposed location of the research center.
(6) A proposed budget for the first year of operations of the facility including projected infrastructure costs and projections on permanent staff to be employed at the research center.

(7) The anticipated health, scientific, commercial and economic development outcomes to be achieved by the research center.

(8) The amount of funds or infrastructure to be contributed by each participant to the research center.

(9) Any other information deemed necessary by the Secretary of Community and Economic Development.

(g) Participation.--In order to participate in research or product development at a regional biotechnology research center, an applicant shall make financial or other substantially equivalent contributions to the research being conducted in an amount established by the Department of Community and Economic Development. The board of directors shall develop royalty agreements or other revenue streams to fund ongoing operations of the biotechnology research center. The board of directors shall also reach agreement with the Department of Community and Economic Development on allowing access to and commercialization of intellectual property. Intellectual property shall include work of the mind or intellect associated with an idea, invention, trade secret, process, program, data, formula, patent, copyright or trademark, or an application, right or registration relating thereto.

(1) The Department of Community and Economic Development shall reach agreement with the board of directors of each research center regarding the amount of capital to be raised from the for-profit and nonprofit participants prior to
disbursement of any State funds.

(2) Regarding that portion of revenue which will be
returned to the Commonwealth due to successful new inventions
or new patents issued as a result of research undertaken at
the research center.

(h) Personnel.--A regional biotechnology research center may
hire personnel to coordinate research projects.

(i) Review and report.--

(1) Each regional biotechnology research center shall be
subject to annual review by the department.

(2) Each regional biotechnology research center shall
annually submit a report to the Department of Community and
Economic Development, the Department of Health, the chairman
and the minority chairman of the Appropriations Committee of
the Senate, the chairman and minority chairman of the
Appropriations Committee of the House of Representatives, the
chairman and minority chairman of the Community and Economic
Development Committee of the Senate and the chairman and
minority chairman of the Commerce and Economic Development
Committee of the House of Representatives. This report shall
be in a form and manner developed by the Department of
Community and Economic Development working in cooperation
with the Department of Health and shall include the
following:

(i) The current members of the board of directors for
the research center.

(ii) A description of the research facilities, including
space and equipment.

(iii) The research center's current policies for the
management and development of intellectual property and
ownership of new inventions created during the course of
research undertaken at the center.

(iv) The research center's policies on conflicts of
interest and the handling of confidential material.

(v) A listing of all organizations, for-profit and
nonprofit institutions utilizing the services of the research
center during the prior year.

(vi) A listing of any licenses or other contractual
obligations in effect, or anticipated, for the intellectual
property developed at the research center during the prior
year.

(vii) A listing of any new inventions, any new patent
applications or patents issued as a result of research
undertaken at the center during the prior year.

(viii) A copy of the annual operating budget for the
year, including a listing of the sources of all funds
including financial and in-kind personnel, equipment or other
material donations and contributions by all parties involved
in the research center, grants obtained, Federal funds
leveraged and expenditures made including infrastructure
expenditures, administrative and staffing costs.

CHAPTER 51
MISCELLANEOUS PROVISIONS


The following sums, or as much thereof as may be necessary,
are hereby specifically appropriated from the Tobacco Settlement
Fund for the fiscal year 2001-2002:

(1) Governor.--The following
amounts are appropriated to the

Governor: Federal State
1 For transfer to the Health Venture
2 Investment Account.
3
4 State appropriation........ 60,000,000
5
6 (2) Department of Aging.--The
7 following amounts are appropriated to
8 the Department of Aging:
9
10 Federal       State
11
12 For the home and community-based
13 services:
14
15 State appropriation........ 14,688,000
16
17 The following Federal amounts are
18 appropriated to supplement the sum
19 appropriated for home and community-
20 based services and support:
21
22 "Medical Assistance - Home and
23 Community-Based Care."
24
25 Federal appropriation...... 17,243,000
26
27 For transfer to the PACE Fund for
28 expansion of the PACENET program.
29
30 State appropriation........ 47,585,000
31
32 For the Pennsylvania Extraordinary
33 Prescription Plan Program.
34
35 State appropriation........ 144,000,000
36
37 (3) Department of Community and
38 Economic Development.--The following
39 amounts are appropriated to the
40 Department of Community and Economic
41 Development:
42
43 Federal       State
44
45 For regional biomedical and life
46 science research centers.
47
48 State appropriation........ 90,000,000
49
50
(4) Department of Health.--The following amounts are appropriated to the Department of Health:

- For health and related research.
  - State appropriation: 32,641,000

- For tobacco use prevention and cessation programs.
  - State appropriation: 48,961,000

(5) Insurance Department.--The following amounts are appropriated to the Insurance Department:

- For the Adult Basic Coverage Insurance program.
  - State appropriation: 105,755,000

(6) Department of Public Welfare.--The following amounts are appropriated to the Department of Public Welfare:

- For medical coverage for workers with disabilities.
  - State appropriation: 24,807,000

The following Federal amounts are appropriated to supplement the sum appropriated for home and community medical coverage for workers with disabilities:

- "Medical Assistance - Medical Coverage for Workers with Disabilities."
  - Federal appropriation: 29,121,000
For hospital uncompensated care.

State appropriation...........  22,641,000

The following Federal amounts are
appropriated to supplement the sum
appropriated for hospital
uncompensated care:

"Medical Assistance - Uncompensated Care."

Federal appropriation......  26,175,000

For reimbursement of hospital
everything extraordinary expense program.

State appropriation...........  10,000,000

The following Federal amounts are
appropriated to supplement the sum
appropriated for hospital
everything extraordinary expense program.

"Medical Assistance - Hospital
Extraordinary Expenses."

Federal appropriation......  11,561,000

For home and community-based
services.

State appropriation...........  34,273,000

The following Federal amounts are
appropriated to supplement the sum
appropriated for home and community
services:

"Medical Assistance - Home and
Community-Based Care."

Federal appropriation......  40,233,000

Section 5102. Effective date.
This act shall take effect as follows:

(1) Chapter 3 and this section shall take effect immediately.

(2) The remainder of this act shall take effect July 1, 2001.