

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1270 Session of
2000

INTRODUCED BY MURPHY, JUBELIRER, BRIGHTBILL, WENGER, HELFRICK,
RHOADES, HART, GERLACH AND CONTI, JANUARY 27, 2000

REFERRED TO PUBLIC HEALTH AND WELFARE, JANUARY 27, 2000

AN ACT

1 Providing for distribution of tobacco settlement funds;
2 establishing the Health Futures Fund, the Health Fund
3 Committee and the Research Management and Advisory Board;
4 providing for their powers and duties and for grant
5 distribution; authorizing the designation of health regions;
6 establishing and providing for the powers and duties of
7 health region boards; and providing funds for the expansion
8 of health insurance.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. Short title.

12 This act shall be known and may be cited as the Healthier
13 Pennsylvania Act.

14 Section 2. Declaration of policy.

15 The General Assembly finds and declares as follows:

16 The settlement of the lawsuit against the tobacco industry
17 provides the Commonwealth with the opportunity to provide
18 sufficient funding to accomplish the following health, welfare
19 and economic development purposes:

20 (1) Make a significant impact upon the prevention of
21 addiction and the prevention, diagnosis and treatment of

1 tobacco-related diseases by:

2 (i) serving as a catalyst for increasing the
3 capability of the Commonwealth's research/academic/health
4 institutions to advance our knowledge of and prevent,
5 diagnose and treat addiction and tobacco-related diseases
6 and to promote wellness to improve the general health and
7 well-being of the population; and

8 (ii) addressing the physical, behavioral and
9 environmental health aspects of tobacco-related diseases.

10 (2) Serve as a catalyst for creating economic and
11 employment opportunities related to the development and
12 manufacturing of products and services to deal with and
13 prevent tobacco-related diseases.

14 (3) Promote the general health and well-being of the
15 population.

16 (4) Provide a means by which current variations in
17 treatment outcomes are reduced through the dissemination to
18 and the adoption of effective strategies in all regions of
19 this Commonwealth.

20 (5) Create a mechanism of accountability in awarding,
21 monitoring and renewing grants to effectuate the purposes of
22 this act.

23 (6) Provide a source of funds to leverage further
24 funding by public and private sources, including moneys
25 available through the National Foundation and the National
26 Public Education Fund created by contributions from the
27 tobacco industry under the master settlement agreement.

28 (7) Create a trust fund to yield funding solely for
29 health-related purposes for the well-being of the people of
30 this Commonwealth.

1 (8) Provide an opportunity for regions to govern
2 themselves and to coordinate efforts throughout this
3 Commonwealth and within the regions to improve the health and
4 well-being of the citizens of each region in an efficient
5 delivery of services, adapting the efforts to the particular
6 needs of the regions.

7 (9) Address the problem of uncompensated care in a
8 fashion that will allow hospitals to coordinate their efforts
9 with health care entities in the region and provide for tax
10 incentives for small employers to provide health care
11 insurance for their employees.

12 (10) Provide for performance evaluations and comparisons
13 of the effectiveness of the regional programs established by
14 this act.

15 Section 3. Definitions.

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

19 "Advisory board." The Research Management and Advisory Board
20 established under section 6.

21 "Committee." The Health Fund Committee established under
22 section 5.

23 "Fund." The Health Futures Fund established under section 4.

24 "Health region board." A locally controlled governance board
25 established in each region of this Commonwealth under this act,
26 to structure comprehensive approaches to research, prevention,
27 diagnosis and treatment of tobacco-related diseases and
28 addictions through guiding the planning, the allocating of
29 funding and the evaluating of funded strategies.

30 "Health regions." Geographical regions of this Commonwealth

1 as designated by the Department of Health.

2 "Master settlement agreement." The settlement agreement and
3 related documents entered into on November 23, 1998, by the
4 Commonwealth and leading United States tobacco product
5 manufacturers and approved by the court in Commonwealth versus
6 Phillip Morris, April Term 1997, No.2443 (C.P. Philadelphia
7 County), on January 13, 1999.

8 Section 4. Health Futures Fund.

9 (a) Establishment and allocation.--

10 (1) All money received by the Commonwealth from the
11 master settlement agreement shall be paid into the Health
12 Futures Fund, which is hereby established as a trust fund in
13 the State Treasury. The moneys of the fund are hereby
14 appropriated on a continuing basis to carry out the
15 provisions of this act.

16 (2) Fifteen percent of the funds from the master
17 settlement agreement shall form the corpus of the fund and
18 shall not be expended. The balance of the fund shall be
19 expended in accordance with sections 5(d)(8) and 11(a) and
20 (f)(2).

21 (b) Purpose.--The purpose of the trust shall be to provide
22 perpetual funding from the interest earned for projects of the
23 nature described in section 2 for the benefit of the citizens of
24 this Commonwealth.

25 (c) State Treasurer as custodian.--The State Treasurer shall
26 be custodian of the fund and shall annually, but no sooner than
27 five years after the effective date of this act, transfer
28 amounts from the interest earned, as requested by the committee,
29 to fund approved projects consistent with the purposes of this
30 act.

1 Section 5. Health Fund Committee.

2 (a) Establishment.--A Health Fund Committee is hereby
3 established. The committee shall be the trustee of the fund and
4 shall provide overall management and distribution of the fund.

5 (b) Composition.--The committee shall be composed of the
6 following members:

7 (1) The Secretaries of Health, Education, Public
8 Welfare, Aging, Community and Economic Development and Labor
9 and Industry.

10 (2) The chair and minority chair of the Committees on
11 Education, Public Health and Welfare, Aging and Youth,
12 Community and Economic Development and Labor and Industry of
13 the Senate.

14 (3) The chair and minority chair of the Committees on
15 Education, Health and Human Services, Aging and Youth,
16 Community and Economic Development and Labor and Industry of
17 the House of Representatives.

18 (c) Chairs and staff.--The members of the committee shall
19 elect one of their number as chair and a second member as vice
20 chair and shall appoint an executive director and staff. The
21 chairs, executive director and staff shall serve at the pleasure
22 of the members.

23 (d) Powers and duties.--The committee shall have the
24 following powers and duties:

25 (1) Through consultation with appropriate scientific,
26 health and economic sources, to establish a list of
27 priorities for long-term goals and those priorities to be
28 addressed in five-year time periods. The priorities shall be
29 annually reviewed to clarify and, as appropriate, reestablish
30 or amend long-term goals.

1 (2) To oversee research, diagnosis, treatment,
2 prevention and intervention as these factors relate to
3 distribution of the fund, with a special emphasis on tobacco-
4 related diseases in the first five years of the program.

5 (3) To determine the composition of and appoint the
6 members of the advisory board to oversee biomedical research.

7 (4) To review annual reports of the advisory board.

8 (5) To approve local entities as health region boards.

9 (6) To review and make final decisions on annual reports
10 from and requests for funding by health region boards of
11 regional grant programs.

12 (7) To approve research proposals recommended by the
13 advisory board.

14 (8) To expend 20% of the fund for the first five years
15 of the program's existence for research proposals recommended
16 by the advisory board under section 6(c)(1).

17 (9) No sooner than five years after the effective date
18 of this act, to access, as needed, additional funds from the
19 interest earned by the fund.

20 (10) To invest the moneys of the fund.

21 Section 6. Research Management and Advisory Board.

22 (a) Establishment.--The Research Management and Advisory
23 Board is hereby established. The advisory board shall be
24 composed of 12 members who shall be appointed by the committee
25 and who shall have expertise in physical health, behavioral
26 health, scientific research design and business and economic
27 development and shall represent different geographic areas of
28 this Commonwealth.

29 (b) Meetings.--The advisory board shall meet four times a
30 year to:

1 (1) Design and publicize requests for proposals, along
2 with the advisory board's criteria for its judging and
3 ranking procedures.

4 (2) Receive investigator-initiated proposals and require
5 that such applicants submit proposals consistent with
6 deadlines and guidelines adhered to by applicants responding
7 to the requests for proposals.

8 (3) Review and score grant applications.

9 (c) Powers and duties.--The advisory board shall have the
10 following powers and duties:

11 (1) To recommend to the committee expenditures from the
12 fund for the first five years after the effective date of
13 this act for health research, with special emphasis on
14 tobacco-related illness and the promotion of wellness,
15 including research which leads to the development of products
16 and services and after that time period for any health
17 research.

18 (2) To review competitive grant proposals.

19 (3) To appoint peer review teams of between two to five
20 persons to review proposals and, when necessary, gather
21 further data, including information gathered from the staffs
22 at research sites or from site visits. The teams shall:

23 (i) Have expertise in the area of research to be
24 reviewed.

25 (ii) Have no ties with the research institution or
26 head of the study to be reviewed.

27 (iii) Utilize scoring methods established by the
28 advisory board and review profiles assigning points to
29 the research site based on the ability of the facility to
30 achieve research goals; the quality, knowledge and

1 ability of the research team; and other qualities as
2 determined and publicized by the committee and the
3 advisory board.

4 (iv) Provide a report to the advisory board that
5 includes an objective scoring of site qualities and
6 research merits, any recommendations for change to the
7 research plans and a review of any past record of the
8 site and the research team in accomplishing research
9 goals funded by the fund.

10 Section 7. Grant distribution.

11 The advisory board shall prepare a ranked list of grant
12 distributions, including the amount of each recommended grant,
13 based upon ratings of the site, ranking of the quality of the
14 research, such as:

15 (1) Scientific merit and research design and scientific
16 need and applicability.

17 (2) Geographic, gender, race, ethnic and cultural
18 distribution of the applicants.

19 (3) Prevention, diagnosis and treatment of illnesses.

20 (4) The degree of collaboration among the members of the
21 research team and the degree of collaboration with other
22 diagnostic, prevention and treatment centers throughout the
23 region or Commonwealth.

24 (5) The impact upon citizens of this Commonwealth.

25 (6) Importance of the study in meeting the goals of this
26 act.

27 Section 8. Annual report.

28 Grantees shall submit an annual report to the advisory board
29 detailing the status of the funded research, the meeting of
30 goals and, if appropriate, an application for continued funding

1 or a final report on completed studies.

2 Section 9. Final approval.

3 (a) Recommendations to committee.--The advisory board shall
4 submit its recommendations for grants to the committee for final
5 approval, providing full disclosure of funded and unfunded
6 applications, including its numerical ranking of the criteria
7 enumerated in section 7 and its recommendations of grants as
8 "highly recommended," "recommended in part or as amended" or
9 "not recommended."

10 (b) Committee review.--

11 (1) The committee shall have no authority to make a
12 final decision on a grant unless it has undergone review by a
13 peer review committee and the advisory board and may not fund
14 any proposal that has not been recommended by the advisory
15 board.

16 (2) The committee may award multiple-year grants for
17 longitudinal studies, subject to annual review and upon
18 consultation with the advisory board.

19 (3) The committee may discontinue funding for any grant
20 recipient based upon misuse of funds, inadequacy of research
21 performance or failure to complete the study, the inability
22 of the site to continue research or other reasons as
23 determined by the committee.

24 Section 10. Grantee responsibilities.

25 Grantees must adhere to their research protocol, expend funds
26 appropriately and provide annual written reports on the status
27 of their research and any scientific progress they have
28 achieved.

29 Section 11. Health regions.

30 (a) Designation.--Health regions shall be designated by the

1 Department of Health and shall receive upon approval of the
2 committee 45% of the fund. Each region that chooses to
3 participate shall receive funding on a per capita basis.

4 (b) Purpose.--Each region that chooses to participate shall
5 establish a health region board, subject to approval by the
6 committee, to prepare and manage a plan for the prevention of
7 illness, promotion of wellness and treatment of disease in its
8 region. The plan shall include:

9 (1) An assessment of local needs and shall include a
10 listing of service priorities.

11 (2) The means by which the health region board will
12 promote the coordination and integration of community
13 services and ensure the provision of comprehensive community
14 services.

15 (3) An evaluation of the degree to which the health
16 region board has met or will meet identified needs.

17 (4) The means by which the health region board will
18 promote and disseminate new and effective ideas, products and
19 services for the cessation of tobacco consumption and the
20 prevention, diagnosis and treatment of tobacco-related
21 diseases and ways to increase health-enhancing behaviors.

22 (5) The means by which the health region board will
23 promote improved practice in the management of disease,
24 especially chronic illnesses such as cancer, lung disease,
25 high risk pregnancy, diabetes, premature birth, asthma or
26 other diseases with complications related to tobacco that
27 contribute to increased health care costs.

28 (6) Gathering of accurate data regarding causes and
29 remedies, which may be, but are not limited to,
30 prescriptions, and demographics of tobacco-related diseases

1 in this Commonwealth, including encouraging physicians to
2 indicate, where appropriate, that a tobacco product was a
3 significant contributor to the cause of death.

4 (7) The addressing of problems within the region and the
5 ensuring of the distribution of programming to urban,
6 suburban and rural areas.

7 (8) A reliance on creative local solutions and an
8 accountability of any solutions undertaken.

9 (9) An allocation and method of oversight of the funding
10 for the priorities set.

11 (10) A leveraging of local resources.

12 (11) The expected benefits to the local areas of citing
13 national centers of excellence in this Commonwealth.

14 (12) An opportunity to test different approaches to the
15 reduction of tobacco-related diseases and to disseminate
16 institutionalized best practices.

17 (13) The partnering with:

18 (i) national research centers located within this
19 Commonwealth for technical assistance;

20 (ii) news media;

21 (iii) educators, school districts and students;

22 (iv) not-for-profit organizations dedicated to
23 reducing tobacco addiction; and

24 (v) employers
25 to help with planning, implementation and evaluation of a
26 continuum of prevention programs, which incorporate the best
27 science and proven education strategies, aimed at preschool
28 and school children and adults.

29 (c) Appointment and composition.--Each health region board
30 shall be comprised of persons having expertise in medicine,

1 behavioral health, hospital care, public health, provision of
2 health care, public relations, academia, cultural diversity,
3 education, finance, health insurance research, consumption of
4 health care, employment or government and may be other community
5 leaders as identified by the group within the region which is
6 approved as the health region board by the committee. In
7 approving the entity, the appointing body may utilize an
8 existing organization, a community foundation or a political
9 body to serve as the health region board, taking into account
10 the ability of the organization to coordinate health care
11 activities, agencies and disparate entities in the region. The
12 approved entity shall serve for a period of three years, with a
13 two-year extension, if warranted.

14 (d) Powers and duties.--

15 (1) Each health region board shall solicit proposals and
16 compile an overall plan for the region, setting forth the
17 goals enumerated in subsection (b) and including a grants'
18 monitoring process and shall prepare a report to request a
19 grant from the committee, to be reviewed on an annual basis.
20 The plan shall be submitted to the committee for final
21 approval.

22 (2) The committee may fund the health region board
23 proposal in full or in part, in modified form, including the
24 deletion or clarification of provisions of the proposal that
25 are inconsistent with the goals of the fund or do not fit the
26 priorities established in the five-year plan, or may make a
27 determination not to fund, depending upon the merits of the
28 proposal and its adherence to the goals of this act.

29 (e) Analysis of needs.--Each health region board shall
30 prepare an analysis of the health needs of its region. The

1 analysis shall place special emphasis on tobacco-related illness
2 and contain a demographic analysis of risk for disease in the
3 region.

4 (f) Application for funds.--A health region board may apply
5 for funds for any of the following purposes:

6 (1) To utilize 15% of the funds allocated to the health
7 region under subsection (a) to provide reimbursement to
8 licensed health care institutions for charitable care to
9 those who are uninsured, subject to an accounting by each
10 institution and its coordination of its services with other
11 health care providers within the region.

12 (2) To utilize 20% of the fund to provide an expansion
13 of health insurance coverage through tax incentives for small
14 employers, as elaborated upon in section 12.

15 (3) To reduce tobacco use through educational and law
16 enforcement prevention programs.

17 (4) To promote cessation of tobacco use through medical
18 intervention, education and access to cessation treatment.

19 (5) To prevent and treat tobacco-related diseases,
20 including the association of tobacco use with other addictive
21 drugs and alcohol.

22 (6) To promote health and wellness programs in
23 communities and workplaces.

24 (7) To promote economic development by encouraging the
25 development of products and services to achieve the goals of
26 this act.

27 (8) To develop a plan for medical case management to
28 improve delivery and efficiency of health care, including
29 health care for high risk populations.

30 (9) To leverage its funds by accepting and utilizing

1 matching funds from the community.

2 (10) To promote improvement in efficiency and cost in
3 health care delivery systems.

4 (11) To attach a research component to any program it
5 funds to evaluate its effectiveness.

6 (12) To require partnerships with programs, agencies or
7 employers for eligibility for funding.

8 (13) To leverage and utilize funds from public and
9 private sources, including the National Foundation and the
10 National Fund for Public Education created under the master
11 settlement agreement, and from the economies built into the
12 coordination of health care activities in the region.

13 (g) Local fiscal agents.--The health region board shall
14 designate a local fiscal agent to administer the funds for which
15 the health region board applies and to disburse them as directed
16 by the health region board.

17 (h) Annual report.--

18 (1) Each health region board shall hold an annual
19 meeting for the purpose of preparing an annual report which
20 shall contain:

21 (i) The status of each project, with emphasis on
22 accountability, toward the goals of preventing and
23 reducing tobacco usage and reducing tobacco-related
24 illness.

25 (ii) The health region board's impact upon
26 improving, tracking and managing chronic illness and
27 promoting health-enhancing behaviors, as well as fiscal
28 responsibility.

29 (2) The annual report shall be used by the committee to
30 determine the effectiveness of grants. The committee shall

1 take into account the ability of a health region board to
2 attract additional funding from sources other than those from
3 the funds created by this act. The committee may require the
4 cessation of programs not showing progress and shall approve
5 new programs to replace inefficient or ineffective ones.

6 (i) Funding.--Forty-five percent of the fund shall be used
7 for funding of health region boards and shall be distributed on
8 a per capita basis. Use of funding by a health region board
9 shall be subject to audit by the auditor general in accordance
10 with law.

11 (j) Annual meeting.--The health region boards shall hold an
12 annual conference or seminar for the purpose of sharing outcomes
13 and plans and to exchange ideas about best practices.

14 (k) Dissolution.--A health region board may be dissolved for
15 failure to meet its goals, for misuse of funds or for other good
16 cause.

17 (l) Further responsibilities of committee.--The committee
18 shall encourage the creation of new programs, communications
19 between regions, improvement in effectiveness of programs and
20 the replication of effective programs across the health regions'
21 boundaries.

22 Section 12. Health insurance expansion.

23 (a) Use of fund.--Twenty percent of the fund shall be
24 transferred to the General Fund in any fiscal year in which
25 there are statutes in effect that:

26 (1) Reduce the number of employees who have no medical
27 insurance in this Commonwealth by providing an incentive for
28 employers who have 25 employees or fewer to purchase or
29 enhance health insurance benefits for employees of low to
30 moderate income.

1 (2) Provide a tax credit of up to \$350 per taxable year
2 per employee for employers who have 25 employees or fewer and
3 who purchase or enhance health insurance benefits for or
4 provide financial assistance for health insurance purposes to
5 their employees whose income is less than \$35,000.

6 (3) Provide that the amount of the credit under
7 paragraph (2) shall not exceed the cost of the premium paid
8 for the initial provision of health insurance or the cost of
9 enhanced benefits, determined by the coverage being provided
10 as of the effective date of this act.

11 (b) Expiration.--This section shall expire five years from
12 the effective date of this act.

13 Section 13. Effective date.

14 This act shall take effect in 60 days.