

1 State of Arkansas Call Item 3-18As Engrossed: S4/5/00 H4/6/00

2 82nd General Assembly

A Bill

3 First Extraordinary Session, 2000

SENATE BILL 2

4

5 By: Senators Bradford, Beebe, Roebuck, Harriman, D. Malone, Fitch, Everett, Canada, Scott, Argue,

6 Riggs, Ross, Mahony, K. Smith, Kennedy, Webb, Walters, Wooldridge, Gwatney, Bearden, Russ, Hill

7 By: Representatives Luker, Gullett, Hunt, Napper, Ferrell, Bond, Lancaster, Dees, Glover, Wood,

8 Rackley, M. Smith, R. Smith, Taylor, Harris, Agee, Bennett, Jones, Bookout, Horn, Green, Haak, Lynn,

9 Madison, Wilkinson, Womack, Bush, Biggs, Carson, Duggar, Hutchinson

10

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For An Act To Be Entitled

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AN ACT TO AUTHORIZE THE METHOD OF DISTRIBUTING THE

14

PROCEEDS OF THE MASTER SETTLEMENT AGREEMENT BETWEEN

15

THE STATE OF ARKANSAS AND PARTICIPATING TOBACCO

16

MANUFACTURERS; TO AUTHORIZE THE STATE BOARD OF FINANCE

17

TO ADMINISTER MONEYS RECEIVED BY THE STATE OF ARKANSAS

18

FROM THE MASTER SETTLEMENT AGREEMENT; ESTABLISHING

19

FUNDS AND ACCOUNTS FOR THE PURPOSES OF HOLDING AND

20

DISTRIBUTING THE TOBACCO SETTLEMENT; ESTABLISHING THE

21

USES OF THE TOBACCO SETTLEMENT; CREATING A PUBLIC

22

TRUST TO BE KNOWN AS THE ARKANSAS HEALTHY CENTURY

23

TRUST FUND; ESTABLISHING CERTAIN PROGRAMS TO BE FUNDED

24

BY THE TOBACCO SETTLEMENT; SETTING FORTH VARIOUS OTHER

25

MATTERS PERTAINING TO THE TOBACCO SETTLEMENT; AND FOR

26

OTHER PURPOSES.

27

28

Subtitle

29

ARKANSAS TOBACCO SETTLEMENT FUNDS ACT OF

30

2000.

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33 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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35 SECTION 1. TITLE; LEGISLATIVE FINDINGS.

36 (a) This Act may be referred to and cited as the "Arkansas Tobacco

1 Settlement Funds Act of 2000."

2 (b) The General Assembly of the State of Arkansas has determined that
3 there is an immediate and pressing need to establish procedures and accounts
4 for managing the State's share of funds to be distributed pursuant to the
5 Master Settlement Agreement (the "MSA") between various states and certain
6 tobacco manufacturers (the State's share of such settlement to be referred to
7 herein as the "Tobacco Settlement"); that the State will not receive any
8 portion of the Tobacco Settlement until it has achieved "state specific
9 finality," as such term is used in the Master Settlement Agreement, but that
10 the State should be in a position to receive the Tobacco Settlement as soon as
11 state specific finality is reached; and keeping the Tobacco Settlement
12 segregated and dedicated only to the uses set forth herein; and that the
13 management of these funds and accounts should be performed by the State Board
14 of Finance. It is determined that the State will not be ready to accept
15 distributions from the Master Settlement Agreement Escrow until certain funds
16 and accounts have been established, and that receipt of such distribution is
17 urgently needed to protect the health, safety, and welfare of the citizens of
18 the State.

19 (c) It is further determined that the Tobacco Settlement should be spent
20 only on projects and programs that directly relate to the health of the people
21 of the State. To this end, the General Assembly has established certain
22 programs and projects that are intended to have a direct benefit on the health
23 and well-being of the citizens of the State. In furtherance of this goal, it
24 is also determined that there should be established, in addition to the
25 specified projects and programs, the Arkansas Healthy Century Trust Fund,
26 which is intended as a true public trust to be invested and managed and held
27 for the benefit of future generations of Arkansans.

28
29 SECTION 2. DEFINITIONS. The following terms, as used in this Act, shall
30 have the meanings set forth in this section:

31 (1) "Act" shall mean this Arkansas Tobacco Settlement Funds Act of 2000.

32 (2) "Arkansas Biosciences Institute" shall mean the Arkansas Biosciences
33 Institute created by this Act.

34 (3) "Arkansas Biosciences Institute Program Account" shall mean the
35 account by that name created pursuant to this Act to be funded from the
36 Tobacco Settlement Program Fund and used by the Arkansas Biosciences Institute

1 for the purposes set forth in this Act.

2 (4) "Arkansas Healthy Century Trust Fund" shall mean that public trust
3 for the benefit of the citizens of the State of Arkansas created and
4 established pursuant to this Act.

5 (5) "Arkansas Tobacco Settlement Commission" shall mean the entity that
6 administers the programs established pursuant to this Act, also known as
7 "ATSC", which is described and established in this Act.

8 (6) Arkansas Tobacco Settlement Commission Program Account' shall mean
9 the account by that name created pursuant to this Act to be used by the
10 Arkansas Tobacco Settlement Commission for the purposes set forth in Section
11 15 of the Act.

12 (7) "Initial MSA Disbursement" shall mean the first payment from the MSA
13 Escrow to the State, consisting of payments from Participating Manufacturers
14 due under the Master Settlement Agreement and designated as the 1998 First
15 Payment, the 2000 Initial Payment, and the 2000 Annual Payment, which amounts,
16 along with any accumulated interest, represent all money due to the State and
17 attributable to payments prior to January 1, 2001.

18 (8) "Master Settlement Agreement" or "MSA" shall mean that certain
19 Master Settlement Agreement between certain states (the "Settling States") and
20 certain tobacco manufacturers (the "Participating Manufacturers"), pursuant to
21 which the Participating Manufacturers have agreed to make certain payments to
22 each of the Settling States.

23 (9) "Medicaid Expansion Program Account" shall mean the account by that
24 name created pursuant to this Act to be funded from the Tobacco Settlement
25 Program Fund and used by the Arkansas Department of Human Services for the
26 purposes set forth in this Act.

27 (10) "MSA Disbursements" shall mean all amounts disbursed from the MSA
28 Escrow pursuant to the Master Settlement Agreement to the State of Arkansas.

29 (11) "MSA Disbursement Date" shall mean any date on which MSA
30 Disbursements are made to the State of Arkansas pursuant to the Master
31 Settlement Agreement at the request of the State.

32 (12) "MSA Escrow" shall mean that escrow account established to hold the
33 State of Arkansas's share of the Tobacco Settlement prior to disbursement to
34 the State pursuant to the Master Settlement Agreement.

35 (13) "MSA Escrow Trustee" shall mean the entity that administers the MSA
36 Escrow pursuant to the Master Settlement Agreement.

1 (14) 'Neonatal care' shall mean care given in a Level IV neonatal
2 intensive care unit.

3 (15) "Participating Manufacturers" shall mean those tobacco
4 manufacturers participating in the Master Settlement Agreement.

5 (16) "Prevention and Cessation Program Account" shall mean the account
6 by that name created pursuant to this Act to be funded from the Tobacco
7 Settlement Program Fund and used for the purposes set forth in this Act.

8 (17) "Program Accounts" shall mean, collectively, the Prevention and
9 Cessation Program Account, the Targeted State Needs Program Account, the
10 Arkansas Biosciences Institute Program Account, the Medicaid Expansion Program
11 Account, and the Arkansas Tobacco Settlement Commission Program Account.

12 (18) "State Board of Finance" shall mean the entity created pursuant to
13 Arkansas Code Annotated §19-3-101, as amended.

14 (19) "Targeted State Needs Program Account" shall mean the account by
15 that name created pursuant to this Act to be funded from the Tobacco
16 Settlement Program Fund and used for the purposes set forth in this Act.

17 (20) "Tobacco Settlement" shall mean the State of Arkansas's share of
18 funds to be distributed pursuant to the Master Settlement Agreement between
19 the Settling States and the Participating Manufacturers.

20 (21) "Tobacco Settlement Holding Fund" shall mean the Fund established
21 as a trust fund within the State Treasury pursuant to Section 4 of this Act,
22 into which all MSA Disbursements shall be deposited on each MSA Disbursement
23 Date.

24 (22) "Tobacco Settlement Program Fund" or "Program Fund" shall mean the
25 Tobacco Settlement Program Fund established pursuant to this Act, which shall
26 be used to hold and distribute funds to the various Program Accounts created
27 by this Act.

28 SECTION 3. GRANT OF AUTHORITY TO STATE BOARD OF FINANCE. The State
29 Board of Finance is hereby authorized and directed to perform the following
30 duties with respect to the Tobacco Settlement:

31 (a) Pursuant to the Master Settlement Agreement, certain information
32 must be compiled with respect to tobacco consumption in the State of Arkansas.
33 The State Board of Finance shall obtain all such information from the sources
34 charged with keeping such information and deliver such information to the MSA
35 Escrow Trustee at the times and in the manner set forth in the Master
36 Settlement Agreement.

1 (b) The State Board of Finance is authorized and directed to make all
2 permitted withdrawals from the MSA Escrow. The withdrawal of the Initial MSA
3 Disbursement shall be made as soon as practical after the effective date of
4 this Act, and subsequent withdrawals of the MSA Disbursements shall be made as
5 soon as the MSA Escrow has received payments due from participating
6 manufacturers. The Initial MSA Disbursement and each subsequent annual MSA
7 Disbursement shall be immediately deposited into the Tobacco Settlement
8 Holding Fund, and distributed from there as prescribed in this Act. The State
9 Board of Finance is authorized to take all action necessary to certify to the
10 MSA Escrow Trustee that it is the state entity responsible for making such
11 withdrawals.

12 (c) The State Board of Finance shall manage and invest all amounts held
13 in the Tobacco Settlement *Holding Fund*, the Arkansas Healthy Century Trust
14 Fund, the Tobacco Settlement Program Fund, and the Program Accounts, and shall
15 have full power to invest and reinvest the moneys in such funds and accounts
16 and to hold, purchase, sell, assign, transfer, or dispose of any of the
17 investments so made as well as the proceeds of the investments and moneys,
18 pursuant to the following standards:

19 (1) with respect to amounts in the Arkansas Healthy Century Trust
20 Fund, all investments shall be pursuant to and in compliance with the prudent
21 investor and other applicable standards set forth in Arkansas Code Annotated
22 §§ 24-3-408, 414, 415, 417 through 425, and Arkansas Code Annotated
23 § 19-3-518; and

24 (2) with respect to amounts held in the Tobacco Settlement *Holding*
25 *Fund*, the Tobacco Settlement Program Fund, and each of the Program Accounts,
26 all investments shall be of the type described in Arkansas Code Annotated §
27 19-3-510 and shall be made with depositories designated pursuant to Arkansas
28 Code Annotated § 19-3-507; or such investment shall be in certificates of
29 deposit, in securities as outlined in Arkansas Code Annotated § 23-47-401
30 without limitation or as approved in the Board of Finance investment policy.
31 The State Board of Finance shall insure that such investments shall mature or
32 be redeemable at the times needed for disbursements from such funds and
33 accounts pursuant to this Act.

34 (d) The State Board of Finance is authorized to employ such
35 professionals as it deems necessary and desirable to assist it in properly
36 managing and investing the Arkansas Healthy Century Trust Fund, pursuant to

1 the standards set forth in Arkansas Code Annotated § 24-3-425.

2 (e) The State Board of Finance is authorized to use investment earnings
3 from the Arkansas Healthy Century Trust Fund to compensate the professionals
4 retained under subsection (d), and to pay the reasonable costs and expenses of
5 the State Board of Finance in administering the funds and accounts created
6 under this Act and performing all other duties ascribed to it hereunder.

7 (f) On the last day of each month, the State Board of Finance shall
8 provide the Department of Finance and Administration, Office of Accounting
9 with the current balances in the Tobacco Settlement Holding Fund, the Arkansas
10 Healthy Century Trust Fund, the Tobacco Settlement Program Fund, and each
11 Program Account.

12 (g) The State Board of Finance is authorized and directed to perform all
13 other tasks that may be assigned to the State Board of Finance pursuant to
14 this Act.

15
16 SECTION 4. CREATION AND ADMINISTRATION OF TOBACCO SETTLEMENT HOLDING
17 FUND.

18 (a) There is hereby created on the books of the Treasurer of State, the
19 Auditor of State, and the Chief Fiscal Officer of the State a fund to be known
20 as the 'Tobacco Settlement Holding Fund,' which fund shall be administered by
21 the State Board of Finance.

22 (b) All MSA Disbursements shall be initially deposited as trust fund
23 income to the credit of the Tobacco Settlement Holding Fund, when and as
24 received.

25 (c) The Initial MSA Disbursement shall be distributed from the Tobacco
26 Settlement Holding Fund to the Arkansas Healthy Century Trust Fund as an
27 initial endowment pursuant to Section 5 of this Act.

28 (d) After the Initial MSA Disbursement has been transferred as set forth
29 in Section 4(c), the State Board of Finance, beginning with MSA Disbursements
30 for years 2001 and thereafter, shall withdraw all amounts due to the State
31 from the MSA Escrow as soon as the MSA Escrow has received payments due from
32 Participating Manufacturers. In calendar year 2001, there shall first be
33 deposited to the Arkansas Healthy Century Trust Fund from the MSA
34 Disbursements attributable to calendar year 2001, the amount necessary to
35 bring the principal amount of the Arkansas Healthy Century Trust Fund to one-
36 hundred million dollars (\$100,000,000). The remainder of any MSA

1 Disbursements attributable to calendar year 2001 shall be deposited into the
2 Tobacco Settlement Program Fund and distributed pursuant to Section 6 of this
3 Act. Beginning in 2002, and for each annual MSA Disbursement thereafter, all
4 MSA Disbursements shall be immediately deposited in the Tobacco Settlement
5 Cash Holding Fund and then distributed, as soon as practical after receipt, as
6 follows:

7
8 (1) For calendar year 2002, the Tobacco Settlement Program Fund shall
9 receive a total of sixty million dollars (\$60,000,000) from the Tobacco
10 Settlement Holding Fund;

11 (2) For calendar year 2003 and each calendar year thereafter, the
12 Tobacco Settlement Program Fund shall receive a total amount equal to the
13 amount for the previous year, increased by three-fourths of one percent
14 (.75%);

15 (3) Any moneys in the Tobacco Settlement Holding Fund deposited in the
16 Tobacco Settlement Holding Fund during any calendar year beginning in 2002 in
17 excess of the amounts prescribed in subdivisions (d)(1) and (2) of this
18 section shall be deposited into the Arkansas Healthy Century Trust Fund.

19
20 (e) While it is intended that the Board of Finance will transfer funds
21 from the Tobacco Settlement Holding Fund immediately upon receipt, to the
22 extent that any amounts must be held pending the transfers described in
23 Section 4(c) and 4(d), the State Board of Finance is authorized to invest such
24 amounts in suitable investments maturing not later than when the moneys are
25 expected to be transferred, provided that such investments are made in
26 compliance with Section 3(c) of this Act.

27
28 SECTION 5. CREATION AND ADMINISTRATION OF ARKANSAS HEALTHY CENTURY
29 TRUST FUND.

30 (a) There is hereby created and established on the books of the
31 Treasurer of State, Auditor of State and Chief Fiscal Officer of the State a
32 trust fund, to be created as a public trust for the benefit of the State of
33 Arkansas, to be known as the "Arkansas Healthy Century Trust Fund," which
34 Trust Fund shall be administered by the State Board of Finance. Such fund
35 shall be restricted in its use and is to be used solely as provided in this
36 act.

1 (b) The Arkansas Healthy Century Trust Fund shall be a perpetual trust,
2 the beneficiary of which shall be the State of Arkansas and the programs of
3 the State of Arkansas enumerated in this section. The State Board of Finance,
4 as it may from time to time be comprised, is hereby appointed as trustee of
5 the Arkansas Healthy Century Trust Fund.

6 (c) The Arkansas Healthy Century Trust Fund shall be administered in
7 accordance with the provisions of this Section, which shall, for all purposes,
8 be deemed to be the governing document of the public trust.

9 (d) The Arkansas Healthy Century Trust Fund shall be funded in an
10 initial principal amount of one hundred million dollars (\$100,000,000) as
11 provided in Section 4 of this Act. All earnings on investments of amounts in
12 the Arkansas Healthy Century Trust Fund shall be redeposited in the Arkansas
13 Healthy Century Trust Fund.

14 (e) The Arkansas Healthy Century Trust Fund shall be held in trust and
15 shall be used only to supplement disbursements from the Tobacco Settlement
16 Holding Fund in order to provide the Tobacco Settlement Program Fund with the
17 total amount of funds provided in Section 4(f).

18 (f) It is intended that the beneficiaries of the Arkansas Healthy
19 Century Trust Fund be the projects related to health care services, health
20 education, and health-related research, as such are now in existence or as
21 such may be created in the future.

22 (g) The State Board of Finance, as trustee of the Arkansas Healthy
23 Century Trust Fund, is authorized to invest all amounts held in the Arkansas
24 Healthy Century Trust Fund in investments pursuant to and in compliance with
25 Section 3(c) of this Act.

26
27 SECTION 6. CREATION AND ADMINISTRATION OF THE TOBACCO SETTLEMENT PROGRAM
28 FUND.

29 (a) There is hereby created and established on the books of the
30 Treasurer of State, Auditor of State and Chief Fiscal Officer of the State a
31 trust fund to be known as the "Tobacco Settlement Program Fund," which fund
32 shall be administered by the State Board of Finance. All moneys deposited into
33 the Tobacco Settlement Program Fund are hereby restricted in their use and to
34 be used solely as provided in this Act. All expenditures and obligations that
35 are payable from the Tobacco Settlement Program Fund and from each of the
36 Program Accounts, shall be subject to the same fiscal control, accounting,

1 budgetary and purchasing laws as are expenditures and obligations payable from
2 other State Treasury funds, except as specified otherwise in this act. The
3 Chief Fiscal Officer of the State may require additional controls, procedures
4 and reporting requirements that he determines are necessary to carry out the
5 intent of this act.

6 (b) There shall be transferred from the Tobacco Settlement Holding Fund
7 to the Tobacco Settlement Program Fund the amounts set forth for such transfer
8 as provided in Section 4 of this Act.

9 (c) Amounts deposited to the Tobacco Settlement Program Fund shall,
10 prior to the distribution to the Program Accounts set forth in subsection (d)
11 of this section, be held and invested in investments pursuant to and in
12 compliance with Section 3(c) of this Act; provided that all such investments
13 must mature, or be redeemable without penalty, on or prior to the next
14 succeeding June 30.

15 (d) On each July 1, the amounts deposited into the Tobacco Settlement
16 Program Fund, excluding investment earnings, shall be transferred to the
17 various Program Accounts, as follows:

18 (1) twenty-four percent (24.0%) of amounts in the Tobacco
19 Settlement Program Fund shall be transferred to the Prevention and Cessation
20 Program Account;

21 (2) fifteen and three hundred and thirty-five thousandths percent
22 (15.335%) of amounts in the Tobacco Settlement Program Fund shall be
23 transferred to the Targeted State Needs Program Account;

24 (3) fifteen percent (15.0%) of amounts in the Tobacco Settlement
25 Program Fund shall be transferred to the Arkansas Biosciences Institute
26 Program Account;

27 (4) thirty-three percent (33.0%) of amounts in the Tobacco
28 Settlement Program Fund shall be transferred to the Medicaid Expansion Program
29 Account; and

30 (5) twelve and six hundred and sixty-five thousandths percent
31 (12.665%) of amounts in the Tobacco Settlement Program Fund shall be
32 transferred to the Tobacco Settlement Commission Program Account.

33 (e)(1) Investment earnings on amounts in the Tobacco Settlement Program
34 Fund shall be used exclusively for the Donald W. Reynolds Center on Aging.

35 (2) Donald W. Reynolds Center on Aging. It is the intent of the
36 General Assembly that UAMS AHEC Program, in partnership with the Donald W.

1 Reynolds Center on Aging establish healthcare programs around the state
2 offering interdisciplinary educational programs to better equip local
3 healthcare professionals in preventive care, early diagnosis and effective
4 treatment for the elderly population throughout the state. The satellite
5 centers will provide access to dependable healthcare, education, resource and
6 support programs for the most rapidly growing segment of the State's
7 population. Each center's program is to be defined by an assessment of local
8 needs and priorities in consultation with local healthcare professionals.

9 (f)(1) All moneys distributed to the Program Accounts set forth above
10 and remaining at the end of each fiscal biennium shall be transferred to the
11 Tobacco Settlement Program Fund by the State Board of Finance. Such amounts
12 will be held in the Tobacco Settlement Program Fund and combined with amounts
13 deposited to such Fund from the annual MSA Disbursements, and then redeposited
14 on July 1 pursuant to the formula set forth in subsection (d) of this section.

15 (2) However, if the Director of any agency receiving funds from
16 the Tobacco Settlement Program Fund determines that there is a need to retain
17 a portion of the amounts transferred under this section, the Director may
18 submit a request and written justification to the Chief Fiscal Officer of the
19 State. Upon determination by the Chief Fiscal Officer of the State that
20 sufficient justification exists, and after certification by the Arkansas
21 Tobacco Settlement Commission that the program has met the criteria
22 established in Section 16 of this Act, such amounts requested shall remain in
23 the account at the end of each biennium, there to be used for the purposes
24 established by this Act; provided that the Chief Fiscal Officer of the State
25 shall seek the review of the Arkansas Legislative Council prior to approval of
26 any such request.

27 (g) The State Board of Finance shall invest all moneys held in the
28 Tobacco Settlement Program Fund and in each of the Program Accounts.

29
30 SECTION 7. CREATION OF PREVENTION AND CESSATION PROGRAM ACCOUNT.

31 (a) There is hereby created a trust fund on the books of the Treasurer
32 of State, Auditor of State and Chief Fiscal Officer of the State within the
33 Tobacco Settlement Program Fund maintained by the State Board of Finance an
34 account to be known as the "Prevention and Cessation Program Account." Such
35 account shall be used by the Arkansas Department of Health for such purposes
36 and in such amounts as may be appropriated in law.

1 (b) On each July 1, there shall be transferred from the Tobacco
 2 Settlement Program Fund to the Prevention and Cessation Program Account the
 3 amount specified in Section 6(d)(1).

4 (c) All moneys deposited to the Prevention and Cessation Program Account
 5 except for investment earnings shall be used for the purposes set forth in
 6 Section 11 of this Act or such other purposes as may be appropriated in law.

7 (d) Moneys remaining in the Prevention and Cessation Program Account at
 8 the end of the first fiscal year of a biennium shall be carried forward and
 9 used for the purposes provided by law. Such amounts that remain at the end of
 10 a biennium shall be transferred to the Tobacco Settlement Program Fund
 11 pursuant to Section 6(f) of this Act.

12
 13 SECTION 8. CREATION OF THE TARGETED STATE NEEDS PROGRAM ACCOUNT.

14 (a) There is hereby created a trust fund on the books of the Treasurer
 15 of the State, Auditor of the State and Chief Fiscal Officer of the State
 16 within the Tobacco Settlement Program Fund maintained by the State Board of
 17 Finance an account to be known as the "Targeted State Needs Program Account."
 18 Such accounts shall be used for such purposes and in such amounts as may be
 19 appropriated by law.

20 (b) On each July 1, there shall be transferred from the Tobacco
 21 Settlement Program Fund to the Targeted State Needs Program Account the amount
 22 specified in Section 6(d)(2).

23 (c)(1) All moneys deposited to the Targeted State Needs Program Account
 24 except for investment earnings shall be used for the purposes set forth in
 25 Section 12 hereof, or such other purposes as may be appropriated in law. Of
 26 the amounts deposited to the Targeted State Needs Program Account, the
 27 following proportions shall be used to fund the programs established in
 28 Section 12 of this Act:

29 (A) Arkansas School of Public Health – twenty-nine and thirty-
 30 five hundredths percent (29.35%);

31 (B) Delta Area Health Education Center Located in Helena –
 32 twenty-one and seventy-four hundredths percent (21.74%);

33 (C) AHEC Expansion Program – twenty-one and seventy-four
 34 hundredths percent (21.74%);

35 (D) Minority Health Initiative administered by the Minority
 36 Health Tobacco Settlement Oversight Board – twenty-seven and seventeen

1 hundredths percent (27.17%); and

2 (2) The funds for the Delta Area Health Education Center and AHEC
3 Expansion Program shall not be used to replace or supplant other funds
4 available for those programs. Furthermore, all funds provided by this act for
5 the Delta Health Education Center and AHEC Expansion Program shall be expended
6 exclusively in the areas covered by the Delta Area Health Education Center and
7 the other existing AHECs.

8 (d) Moneys remaining in the Targeted State Needs Program Account at the
9 end of the first fiscal year of each biennium shall be carried forward and
10 used exclusively for General Medicaid. Such amounts that remain at the end of
11 each biennium shall be carried forward and used exclusively for General
12 Medicaid.

13 SECTION 9. CREATION OF ARKANSAS BIOSCIENCES INSTITUTE PROGRAM ACCOUNT.

14 (a) There is hereby created a trust fund on the books of the Treasurer
15 of the State, Auditor of the State and Chief Fiscal Officer of the State
16 within the Tobacco Settlement Program Fund maintained by the State Board of
17 Finance an account to be known as the "Arkansas Biosciences Institute Program
18 Account." Such account shall be used by the Arkansas Biosciences Institute
19 and its members for such purposes and in such amounts as may be appropriated
20 in law.

21 (b) On each July 1, there shall be transferred from the Tobacco
22 Settlement Program Fund to the Arkansas Biosciences Institute Program Account
23 the amount specified in Section 6(d)(3).

24 (c) All moneys deposited to the Arkansas Biosciences Institute Program
25 Account except for investment earnings shall be used for the purposes set
26 forth in Section 13 hereof, or such other purposes as may be appropriated in
27 law.

28 (d) Moneys remaining in the Arkansas Biosciences Institute Program
29 Account at the end of the first fiscal year of a biennium shall be carried
30 forward and used for the purposes provided by law. Such amounts that remain
31 at the end of a biennium shall be transferred to the Tobacco Settlement
32 Program Fund pursuant to Section 6 (f) of this Act.

33 SECTION 10. CREATION OF MEDICAID EXPANSION PROGRAM ACCOUNT.

34 (a) There is hereby created a trust fund on the books of the Treasurer
35 of the State, Auditor of the State and Chief Fiscal Officer of the State
36 within the Tobacco Settlement Program Fund maintained by the State Board of

1 Finance an account to be known as the "Medicaid Expansion Program Account."
 2 Such account shall be used by the Arkansas Department of Human Services for
 3 such purposes and in such amounts as may be appropriated in law. These funds
 4 shall not be used to replace or supplant other funds available in the
 5 Department of Human Services Grants Fund Account. The funds appropriated for
 6 this program shall not be expended, except in conformity with federal and
 7 state laws, and then, only after the Arkansas Department of Human Services
 8 obtains the necessary approvals from the federal Health Care Financing
 9 Administration.

10 (b) On each July 1, there shall be transferred from the Tobacco
 11 Settlement Program Fund to the Medicaid Expansion Program Account the amount
 12 specified in Section 6(d)(4).

13 (c) All moneys deposited to the Medicaid Expansion Program Account,
 14 except for investment earnings, shall be disbursed as follows:

15 (1) General Medicaid – at least forty-five and forty-five
 16 hundredths percent (45.45%);

17 (2) In-home care and prescription drugs for people at least
 18 sixty-five (65) years of age – twenty-two and twenty-two hundredths percent
 19 (22.22%);

20 (3) Prenatal and neonatal care – twenty and two tenths percent
 21 (20.2%); and

22 (4) Hospital stay and outpatient services – twelve and thirteen
 23 hundredths percent (12.13%).

24 (d) Moneys remaining in the Medicaid Expansion Program Account at the
 25 end of the first fiscal year of a biennium shall be carried forward and used
 26 for the purposes provided by law. Such amounts that remain at the end of a
 27 biennium shall be transferred to the Tobacco Settlement Program Fund pursuant
 28 to Section 6(f) of this Act.

30 SECTION 11. ESTABLISHMENT AND ADMINISTRATION OF PREVENTION AND
 31 CESSATION PROGRAM.

32 (a) It is the intent of the General Assembly that the Arkansas
 33 Department of Health should establish the Tobacco Prevention and Cessation
 34 Program described in this section, and to administer such program in
 35 accordance with law. The program described in this section shall be
 36 administered pursuant to a strategic plan encompassing the elements of a

1 mission statement, defined program(s), and program goals with measurable
2 objectives and strategies to be implemented over a specific timeframe.
3 Evaluation of each program shall include performance based measures for
4 accountability which will measure specific health related results.

5 (b) There is hereby created the Arkansas Youth Tobacco Prevention
6 Commission.

7 (1) The Commission shall consist of:

8 (A) Two (2) members to be chosen from among the high schools in each
9 Arkansas House of Representatives District. Of these two members, one (1)
10 shall be a female and one (1) shall be a male; and

11 (B) Two (2) members to be chosen from among the junior high schools in
12 each Arkansas Senate District. Of these two members, one (1) shall be a female
13 and one (1) shall be a male.

14 (2)(A) The members shall serve two (2) year staggered terms to be
15 determined by lot.

16 (B) In the event of a vacancy on the Board the vacancy shall be filled
17 for the unexpired portion of the term by appointment of the designated
18 representative in subsection (b)(1) of this section of a person meeting the
19 same qualifications required for initial appointment.

20 (3) The Arkansas Youth Tobacco Prevention Commission shall meet annually
21 to select fifteen (15) members to serve on the Arkansas Youth Tobacco
22 Prevention Executive Board. The Executive Board shall consist of three (3)
23 members selected from each Arkansas House of Representatives District Caucus
24 Districts and three (3) at-large members. The Executive Board shall be chosen
25 by the Commission.

26 (A) One (1) member chosen from each caucus district shall be:

27 (i) A female high school student;

28 (ii) A male high school student; and

29 (iii) A junior high student.

30 (B) No less than three (3) of the members shall be a minority.

31 (C) Any member may serve in a dual capacity role on the Executive
32 Board.

33 (4) The Executive Board shall meet within thirty (30) days after being
34 chosen and shall elect a Chairperson, Vice-Chairperson and Secretary for the
35 Executive Board. The Executive Board shall adopt bylaws.

36 (5) Members of the Executive Board shall not be entitled to compensation

1 for their services, but may receive expense reimbursement in accordance with §
2 25-16-902, to be paid from funds appropriated for this program.

3 (6) The Executive Board shall meet at least annually, however, special
4 meetings may be called at any time at the pleasure of the Executive Board.

5 (7) A majority vote of the membership shall be required in order to
6 approve any action by the Executive Board.

7 (8) The Arkansas Department of Education shall specify the method of
8 selecting members of the Commission and shall promulgate the necessary rules
9 and regulations to carry out the provisions of this subsection.

10 (c) The Arkansas Department of Health and, where applicable, the
11 Arkansas Youth Tobacco Prevention Commission shall be responsible for
12 developing, integrating, and monitoring tobacco prevention and cessation
13 programs funded under this Act and shall provide administrative oversight and
14 management, including, but not limited to implementing performance based
15 measures. The Arkansas Department of Health shall have authority to award
16 grants and allocate money appropriated to implement the tobacco prevention and
17 cessation program mandated under this Act. The Arkansas Department of Health
18 may contract with those entities necessary to fully implement the tobacco
19 prevention and cessation initiatives mandated under this Act. All Tobacco
20 Prevention and Cessation Programs in the State of Arkansas must be coordinated
21 through the Arkansas Department of Health.

22 (d) The Tobacco Prevention and Cessation Program shall be comprised of
23 components approved by the Arkansas Board of Health, and where applicable, the
24 Arkansas Youth Tobacco Prevention Executive Board. All marketing campaigns
25 directed at preventing or reducing youth tobacco use shall be developed by the
26 Arkansas Department of Health and the Arkansas Youth Tobacco Prevention
27 Executive Board. No such program shall be implemented by the Department of
28 Health without the approval of the Arkansas Youth Tobacco Prevention Executive
29 Board and no advertisement targeting the prevention or reduction of youth
30 tobacco use shall include the name, voice, or likeness of any elected official
31 or their immediate family. The program components selected by the Board of
32 Health shall include:

33 (1) community prevention programs that reduce youth tobacco use;

34 (2) local school programs for education and prevention in grades
35 kindergarten through twelve (K-12) that should include school nurses;

36 (3) enforcement of youth tobacco control laws;

1 (4) state-wide programs with youth involvement to increase local
2 coalition activities;

3 (5) tobacco cessation programs;

4 (6) tobacco-related disease prevention programs;

5 (7) a comprehensive public awareness and health promotion
6 campaign;

7 (8) grants and contracts funded pursuant to this Act for
8 monitoring and evaluation, as well as data gathering; and

9 (9) other programs as deemed necessary by the Board.

10 (e) There is hereby created an Advisory Committee to the Arkansas Board
11 of Health, to be known as the Tobacco Prevention and Cessation Advisory
12 Committee. It shall be the duty and responsibility of the Committee to advise
13 and assist the Arkansas Board of Health in carrying out the provisions of this
14 Act. The Advisory Committee's authority shall be limited to an advisory
15 function to the Board. The Advisory Committee may, in consultation with the
16 Department of Health, make recommendations to the Board of Health on the
17 strategic plans for the prevention, cessation, and awareness elements of the
18 comprehensive Tobacco Prevention and Cessation Program. The Advisory
19 Committee may also make recommendations to the Board on the strategic vision
20 and guiding principles of the Tobacco Prevention and Cessation Program.

21 (f) The Advisory Committee shall be governed as follows:

22 (1) The Advisory Committee shall consist of sixteen (16) members:
23 one (1) member to be appointed by the President Pro Tempore of the Senate; and
24 one (1) member to be appointed by the Speaker of the House of Representatives,
25 and thirteen (13) members to be appointed by the Governor. The Committee
26 members appointed by the Governor shall be selected from a list of at least
27 three (3) names submitted by each of the following designated groups to the
28 Governor, and shall consist of the following: one (1) member appointed to
29 represent the Arkansas Medical Society; one (1) member shall represent the
30 Arkansas Hospital Association; one (1) member shall represent the American
31 Cancer Society; one (1) member shall represent the American Heart Association;
32 one (1) member shall represent the American Lung Association; one (1) member
33 shall represent the Coalition for a Tobacco-Free Arkansas; two (2) members
34 shall be chosen from the Arkansas Youth Tobacco Prevention Executive Board;
35 one (1) member shall represent the Arkansas Department of Education; one (1)
36 member shall represent the Arkansas Minority Health Commission; one (1) member

1 shall represent the Arkansas Center for Health Improvement; one (1) member
2 shall represent the Arkansas Association of Area Agencies on Aging; one (1)
3 member shall represent the Arkansas Nurses Association; and one (1) member
4 shall represent the Arkansas Cooperative Extension Service. All members of
5 this committee shall be residents of the State of Arkansas.

6 (2) The Advisory Committee will initially have five (5) members
7 who will serve one-year terms; five (5) members who will serve two-year terms;
8 and five (5) members who will serve three-year terms. Members of the Advisory
9 Committee shall draw lots to determine the length of the initial term.
10 Subsequently appointed members shall be appointed for three-year terms. The
11 terms shall commence on October 1st of each year. Advisory Committee members
12 shall be limited to serving two (2) consecutive three-year terms.

13 (3) Members of the Advisory Committee shall not be entitled to
14 compensation for their services, but may receive expense reimbursement in
15 accordance with Ark. Code Ann. § 25-16-902, to be paid from funds appropriated
16 for this program to the Arkansas Department of Health.

17 (4) Members appointed to the Advisory Committee and the
18 organizations they represent shall make full disclosure of the member's
19 participation on the Committee when applying for any grant or contract funded
20 by this Act.

21 (5) All members appointed to the Advisory Committee shall make
22 full and public disclosure of any past or present association to the tobacco
23 industry.

24 (6) The Advisory Committee shall, within ninety (90) days of
25 appointment, hold a meeting and elect from its membership a chairman for a
26 term set by the Advisory Committee. The Advisory Committee shall adopt bylaws.

27 (7) The Advisory Committee shall meet at least quarterly; however,
28 special meetings may be called at any time at the pleasure of the Board of
29 Health or pursuant to the bylaws adopted by the Advisory Committee.

30 (g) The Arkansas Board of Health is authorized to review the
31 recommendations of the Advisory Committee. The Arkansas Board of Health shall
32 adopt and promulgate rules, standards and guidelines as necessary to implement
33 the program in consultation with the Arkansas Department of Health.

34 (h) The Arkansas Department of Health in implementing this Program shall
35 establish such performance based accountability procedures and requirements as
36 are consistent with law.

1 (i) Each of the programs adopted pursuant to this act shall be subject
2 to the monitoring and evaluation procedures described in Section 16 of this
3 Act.

4
5 SECTION 12. ESTABLISHMENT AND ADMINISTRATION OF THE TARGETED STATE
6 NEEDS PROGRAMS.

7 (a) The University of Arkansas for Medical Sciences is hereby instructed
8 to establish the Targeted State Needs Programs described in this section, and
9 to administer such programs in accordance with law.

10 (b) The Targeted State Needs Programs to be established are as follows:

11 (1) Arkansas School of Public Health;

12 (2) Delta Area Health Education Center (located in Helena);

13 (3) AHEC Expansion Program; and

14 (4) Minority Health Initiative administered by the Minority Health Tobacco
15 Settlement Oversight Board created by this Act.

16
17 (c)(1) Arkansas School of Public Health. The Arkansas School of Public
18 Health is hereby established as a part of the University of Arkansas for
19 Medical Sciences for the purpose of conducting activities to improve the
20 health and healthcare of the citizens of Arkansas. These activities should
21 include, but not be limited to the following functions: faculty and course
22 offerings in the core areas of public health including health policy and
23 management, epidemiology, biostatistics, health economics, maternal and child
24 health, environmental health, and health and services research; with courses
25 offered both locally and statewide via a variety of distance learning
26 mechanisms.

27 (2) It is intended by the General Assembly that the Arkansas
28 School of Public Health should serve as a resource for the General Assembly,
29 the Governor, state agencies, and communities. Services provided by the
30 Arkansas School of Public Health should include, but not be limited to the
31 following: consultation and analysis, developing and disseminating programs,
32 obtaining federal and philanthropic grants, conducting research, and other
33 scholarly activities in support of improving the health and healthcare of the
34 citizens of Arkansas.

35 (d) Delta Area Health Education Center. The first Area Health Education
36 Centers were founded in 1973 as the primary educational outreach effort of the

1 University of Arkansas for Medical Sciences. It is the intent of the General
 2 Assembly that UAMS establish a new Area Health Education Center to serve the
 3 following counties: Crittenden, Phillips, Lee, St. Francis, Chicot, Monroe,
 4 and Desha. The new AHEC shall be operated in the same fashion as other
 5 facilities in the UAMS AHEC program, including training students in the fields
 6 of medicine, nursing, pharmacy and various allied health professions, and
 7 offering medical residents specializing in family practice. The training
 8 shall emphasize primary care, covering general health education and basic
 9 medical care for the whole family. The program shall be headquartered in
 10 Helena with offices in Lake Village and West Memphis.

11 (e) AHEC Expansion Program. It is the intent of the General Assembly
 12 that the existing UAMS Area Health Education Centers shall expand their
 13 services into areas of this State which are now underserved or not being
 14 served. This expansion shall involve assessment of the needs of the existing
 15 AHECs, and may include but not be limited to: the establishment of new
 16 educational programs, consumer health education, and development of clinical
 17 programs.

18 (f) Minority Health Initiative.

19 (1)(A) There is created the Minority Health Tobacco Settlement
 20 Oversight Board which shall consist of five (5) members selected as follows:

21 (i) One (1) member appointed by the Arkansas Minority
 22 Health Commission;

23 (ii) One (1) member appointed by the Chancellor of the
 24 University of Arkansas at Pine Bluff;

25 (iii) One (1) member appointed by the Governor
 26 pursuant to the recommendation of the Arkansas Medical, Dental, and
 27 Pharmaceutical Association;

28 (iv) One (1) member appointed by the President Pro
 29 Tempore of the Senate from a recommendation by the Arkansas Legislative Black
 30 Caucus; and

31 (v) One (1) member appointed by the Speaker of the
 32 House of Representatives from a recommendation by the Arkansas Legislative
 33 Black Caucus.

34 (B) The members of the board shall serve for terms of three
 35 (3) years. However the initial members shall serve staggered terms,
 36 determined by lot, so that one (1) member serves a one-year term, two (2)

1 members serve a two-year term, and two (2) members serve a three-year term.

2 (2)(A) The Minority Health Tobacco Settlement Oversight Board
3 shall approve, distribute, oversee, and evaluate the Minority Health
4 Commission's use of funds received under the Arkansas Minority Health
5 Initiative.

6 (B) The Minority Health Commission, under the direction of
7 the Minority Health Tobacco Settlement Board, shall administer the Arkansas
8 Minority Health Initiative for screening, monitoring, and treating
9 hypertension, strokes, and other disorders disproportionately critical to
10 minority groups in Arkansas.

11 (3) The program should be designed:

12 (A) To increase awareness of hypertension, strokes, breast
13 cancer, prostate cancer, diabetes, sickle cell anemia, and other disorders
14 disproportionately critical to minorities by utilizing different approaches
15 that include but are not limited to the following: advertisements,
16 distribution of educational materials and providing medications for high risk
17 minority populations;

18 (B) To provide screening or access to screening for
19 hypertension, strokes, breast cancer, prostate cancer, diabetes, sickle cell
20 anemia, and other disorders disproportionately critical to minorities but will
21 also provide this service to any citizen within the state regardless of
22 racial/ethnic group;

23 (C) To develop intervention strategies to decrease
24 hypertension, strokes, breast cancer, prostate cancer, diabetes, sickle cell
25 anemia, and other disorders noted above, as well as associated complications,
26 including: educational programs, modification of risk factors by smoking
27 cessation programs, weight loss, promoting healthy lifestyles, and treatment
28 of hypertension with cost-effective, well-tolerated medications, as well as
29 case management for patients in these programs;

30 (D) To conduct research through the University of Arkansas
31 at Pine Bluff concerning the reasons certain diseases affect minority
32 populations more than the general population; and

33 (E) To develop and maintain a database that will include
34 biographical data, screening data, costs, and outcomes.

35 (4) For the purpose of this subsection (f), "minority" means
36 African-Americans and Hispanic Americans.

1 (g) The Minority Health Tobacco Settlement Oversight Board will receive
 2 quarterly updates on the progress of these programs and make recommendations
 3 or changes as necessary.

4 (h) The programs described in this section shall be administered
 5 pursuant to a strategic plan encompassing the elements of a mission statement,
 6 defined program(s), and program goals with measurable objectives and
 7 strategies to be implemented over a specific timeframe. Evaluation of each
 8 program shall include performance based measures for accountability which will
 9 measure specific health related results.

10 (i) Each of the programs adopted pursuant to this section shall be
 11 subject to the monitoring and evaluation procedures described in Section 16 of
 12 this Act.

13
 14 SECTION 13. ESTABLISHMENT AND ADMINISTRATION OF THE ARKANSAS
 15 BIOSCIENCES INSTITUTE.

16 (a) It is the intent of the General Assembly to hereby establish the
 17 Arkansas Biosciences Institute for the educational and research purposes set
 18 forth hereinafter to encourage and foster the conduct of research through the
 19 University of Arkansas, Division of Agriculture, the University of Arkansas
 20 for Medical Sciences, University of Arkansas at Fayetteville, Arkansas Tech
 21 University, Henderson State University, Southern Arkansas University,
 22 University of Arkansas at Little Rock, University of Arkansas at Monticello,
 23 University of Arkansas at Pine Bluff, University of Central Arkansas, Arkansas
 24 State University, and Arkansas Children's Hospital. The Arkansas Biosciences
 25 Institute is part of a broad program to address health issues with specific
 26 emphasis on smoking and the use of tobacco products. The Arkansas Biosciences
 27 Institute is intended to develop more fully the interdisciplinary
 28 opportunities for research primarily in the areas set forth hereinafter.

29 (b) Purposes. The Arkansas Biosciences Institute is established for the
 30 following purposes:

31 (1) to conduct agricultural research with medical implications;
 32 (2) to conduct bioengineering research focused on the expansion of
 33 genetic knowledge and new potential applications in the agricultural-medical
 34 fields;

35 (3) to conduct tobacco-related research that focuses on the
 36 identification and applications of behavioral, diagnostic and therapeutic

1 research addressing the high level of tobacco-related illnesses in the State
 2 of Arkansas;

3 (4) to conduct nutritional and other research focusing on
 4 prevention or treatment of cancer, congenital or hereditary conditions or
 5 other related conditions; and

6 (5) to conduct other research identified and approved by the
 7 Arkansas Biosciences Institute Board and which is reasonably related, or
 8 complementary to, research identified in subparagraphs (1) through (4) of this
 9 subsection.

10
 11 (c) Arkansas Biosciences Institute Board. (1)(A) There is hereby
 12 established the Arkansas Biosciences Institute Board which shall consist of
 13 the following: the President of the University of Arkansas; the President of
 14 Arkansas State University; the Chancellor of the University of Arkansas for
 15 Medical Sciences; the Chancellor of the University of Arkansas, Fayetteville;
 16 the President of Arkansas Tech University; the President of Henderson State
 17 University; the President of Southern Arkansas University; the Chancellor of
 18 the University of Arkansas at Little Rock; the Chancellor of the University of
 19 Arkansas at Monticello; the Chancellor of the University of Arkansas at Pine
 20 Bluff; the President of the University of Central Arkansas; the Director
 21 of the Arkansas Science and Technology Authority; the Director of the National
 22 Center for Toxicological Research; the President of Arkansas Children's
 23 Hospital; and two (2) individuals possessing recognized scientific, academic
 24 or business qualifications appointed by the Governor.

25 (B) The two (2) members of the Institute Board who are
 26 appointed by the Governor will serve three-year terms and are limited to
 27 servng two (2) consecutive three-year terms. The terms shall commence on
 28 October 1 of each year. These members appointed by the Governor are not
 29 entitled to compensation for their services, but may receive expense
 30 reimbursement in accordance with Ark. Code Ann. § 25-16-902, to be paid from
 31 funds appropriated for this program.

32 (C) The Institute Board shall establish and appoint the
 33 members of an Industry Advisory Committee and a Science Advisory Committee
 34 composed of knowledgeable persons in the fields of industry and science.
 35 These Committees shall serve as resources for the Institute Board in their
 36 respective areas and will provide an avenue of communication to the Institute

1 Board on areas of potential research.

2 (2) The Arkansas Biosciences Institute Board shall establish rules
3 for governance for Board affairs and shall:

4 (A) provide overall coordination of the program;

5 (B) develop procedures for recruitment and supervision of
6 peer review panels, the membership of which shall vary depending on the
7 subject matter of proposals and review requirements, and shall, in order to
8 avoid conflicts of interest and to ensure access to qualified reviews, require
9 all peer reviewers to be from outside the state;

10 (C) provide for systematic dissemination of research results
11 to the public and the health care community and provide for mechanisms to
12 disseminate the most current research findings in the areas of cause and
13 prevention, cure diagnosis and treatment of tobacco related illnesses, in
14 order that these findings may be applied to the planning, implementation and
15 evaluation of any other research programs of this state;

16 (D) develop policies and procedures to facilitate the
17 translation of research results into commercial, alternate technological, and
18 other applications wherever appropriate and consistent with state and federal
19 law; and

20 (E) transmit on or before the end of each calendar year on
21 an annual basis, a report to the General Assembly and the Governor on grants
22 made, grants in progress, program accomplishments, and future program
23 directions. Each report shall include, but not be limited to, all of the
24 following information:

25 (i) The number and dollar amounts of internal and
26 external research grants, including the amount allocated to negotiated
27 indirect costs;

28 (ii) the subject of research grants;

29 (iii) the relationship between federal and state
30 funding for research;

31 (iv) the relationship between each project and the
32 overall strategy of the research program;

33 (v) a summary of research findings, including
34 discussion of promising new areas;

35 (vi) the corporations, institutions, and campuses
36 receiving grant awards; and

1 (vii) annual evaluation reports by peer review panels.

2 (d) Director. The Director of the Arkansas Biosciences Institute shall
3 be appointed by the Institute Board. The Director shall be responsible for
4 recommending policies and procedures to the Institute Board for its internal
5 operation and shall establish and ensure methods of communication among the
6 units and divisions of the Institute members and their faculty and employees
7 engaged in research under the auspices of the Institute. The Director shall
8 undertake such administrative duties as may be necessary to facilitate conduct
9 of research under the auspices of the Arkansas Biosciences Institute. The
10 Director shall perform such other duties as are established by the Institute
11 Board.

12 (e) Conduct of Research. Research performed under the auspices of the
13 Institute shall be conducted in accordance with the policies of the Institute
14 members. The Institute Board and the Director of the Institute shall
15 facilitate interdisciplinary collaborative efforts with specific research and
16 educational objectives.

17 (f) In determining research projects and areas to be supported from such
18 appropriated funds, each of the respective institutions shall assure that
19 adequate opportunities are given to faculty and other researchers to submit
20 proposals for projects to be supported in whole or in part from such funds.
21 At least annually the Institute Board shall review research being conducted
22 under the auspices of the Institute and may make recommendations of ways in
23 which such research funds may be more efficiently employed or of collaborative
24 efforts which would maximize the utilization of available funds.

25 (g) Peer review panels shall review the projects of the member
26 institutions before commencement of the projects and after completion of the
27 projects using the review criteria of the National Institute of Health and the
28 National Science Foundation. Ongoing projects shall also be evaluated on an
29 annual basis.

30 (h) The programs described in this section shall be administered
31 pursuant to a strategic plan encompassing the elements of a mission statement,
32 defined program(s), and program goals with measurable objectives and
33 strategies to be implemented over a specific timeframe. Evaluation of each
34 program shall include performance based measures for accountability which will
35 measure specific health related results.

36 (i) Each of the programs adopted pursuant to this Section shall be

1 subject to the monitoring and evaluation procedures described in Section 16 of
2 this Act.

3
4 SECTION 14. ESTABLISHMENT AND ADMINISTRATION OF MEDICAID EXPANSION
5 PROGRAM.

6 (a) It is the intent of the General Assembly that the Arkansas
7 Department of Human Services should establish the Medicaid expansion program
8 described in this section, and to administer such program in accordance with
9 law.

10 (b) The Medicaid expansion program shall be a separate and distinct
11 component of the Medicaid program currently administered by the Department of
12 Human Services and shall be established as follows:

13 (1) expanding Medicaid coverage and benefits to pregnant women and
14 neonatal care;

15 (2) expanding the number of inpatient hospital days and outpatient
16 hospital reimbursements and benefits to adults aged nineteen (19) to sixty-
17 four (64);

18 (3) expanding non-institutional coverage and providing
19 prescription drug benefits to adults age 65 and over; and,

20 (4) creating and providing a limited benefit package to adults
21 aged nineteen (19) to sixty-four (64). All such expenditures shall be made in
22 conformity with the State Medicaid Plan as amended and approved by the federal
23 Health Care Financing Administration.

24 (c) The programs defined in this section shall be administered pursuant
25 to a strategic plan encompassing the elements of a mission statement, defined
26 program(s), and program goals with measurable objectives and strategies to be
27 implemented over a specific timeframe. Evaluation of each program shall
28 include performance-based measures for accountability which will measure
29 specific health related results.

30 (d) Each of the programs adopted pursuant to this Section shall be
31 subject to the monitoring and evaluation procedures described in Section 16 of
32 this Act.

33
34 SECTION 15. ESTABLISHMENT OF THE ARKANSAS TOBACCO SETTLEMENT
35 COMMISSION.

36 (a) There is created and recognized the Arkansas Tobacco Commission,

1 which shall be comprised of the following:

2 "(1) At least two (2) members must reside in each Congressional
3 District. Three (3) of the members must be minorities; one (1) member must be
4 a medical doctor; and two (2) members must be community health providers.

5 (2) The Governor shall appoint three (3) members from cities or
6 towns with a population of less than 12,500 people, the Speaker of the House
7 of Representatives shall appoint three (3) members, the President Pro Tempore
8 of the Senate shall appoint three (3) members.

9 (3) The initial members shall determine their terms by lot so
10 that three (3) serve a one-year term, three (3) serve a two-year term, and
11 three (3) serve a three-year term. Thereafter, their successors shall be
12 appointed for three-year terms.

13 (4) No member may serve more than two (2) consecutive three-year
14 terms.

15 (5) Board members may not be state employees.

16 (b) The Director of the Department of Health shall disburse money from
17 the Arkansas Tobacco Settlement Commission Program Account for hospital
18 grants, wellness initiative grants, minority health care, and Meals on Wheels
19 in such amounts as approved by the Arkansas Tobacco Settlement Commission.

20 (c) Members of the Commission shall
21 not be entitled to compensation for their services, but may receive expense
22 reimbursement in accordance with Ark. Code Ann. § 25-16-902, to be paid from
23 funds appropriated for this program.

24 (d) Members appointed to the Commission shall make full disclosure of
25 the members' participation on the Commission when applying for any grant or
26 contract funded by this Act, and the members may not vote on such grant or
27 contract application.

28 (e) All members appointed to the Commission shall make full and public
29 disclosure of any past or present association to the tobacco industry.

30 (f) The Commission shall, within ninety (90) days of appointment, hold a
31 meeting and elect from its membership a chairman for a term of two (2) years.
32 Successor chairmen shall be selected by the Commission for a term of two (2)
33 years. The Commission is authorized to adopt by-laws.

34 (g) The Commission shall meet at least quarterly; however, special
35 meetings of the Commission may be called at any time at the pleasure of the
36 Chairman or pursuant to the bylaws of the Commission.

1 (h) ATSC shall hire an independent third party with appropriate
2 experience in health, preventive resources, health statistics and evaluation
3 expertise to perform monitoring and evaluation of program expenditures made
4 from the Arkansas Tobacco Settlement Commission Program Account. Such
5 monitoring and evaluation shall be performed in accordance with Section 16 of
6 this Act, and the third party retained to perform such services shall prepare
7 a biennial report to be delivered to the General Assembly and the Governor by
8 each August 1 preceding a regular session of the General Assembly. The report
9 shall be accompanied by a recommendation from the ATSC as to the continued
10 funding for each program.

11 (i)(1) The Arkansas Tobacco Settlement Commission shall award contracts
12 and grants as follows:

13 (A) Meals on Wheels – twenty-six and thirty-three hundredths
14 percent (26.33%);

15 (B) Assistance to local hospitals – twenty-seven and sixty-three
16 hundredths percent (27.63%);

17 (C) Wellness Initiative Program – thirty-nine and forty-seven
18 hundredths percent (39.47%); and

19 (D) Evaluation and assessment – six and fifty-seven hundredths
20 percent (6.57%).

21
22 (2) Grant criteria shall be established based upon the following
23 principles:

24 (A) all funds should be used to improve and optimize the
25 health of Arkansans;

26 (B) funds should be spent on long-term projects that improve
27 the health of Arkansans;

28 (C) future tobacco-related illness and health care costs in
29 Arkansas should be minimized through this opportunity; and

30 (D) funds should be invested in solutions that work
31 effectively and efficiently in Arkansas.

32 (3) Grant awards shall be restricted in amounts up to fifty-
33 thousand dollars (\$50,000) per year for each eligible organization. Grants to
34 local hospitals may be awarded to non-profit and for-profit hospitals.

35
36 SECTION 16. MONITORING AND EVALUATION OF PROGRAMS.

1 (a) The Arkansas Center for Health Improvement is directed to conduct
2 monitoring and evaluation of the programs established in Sections 11 through
3 15 of this Act, to ensure optimal impact on improving the health of Arkansans
4 and fiscal stewardship of the Tobacco Settlement. ATSC shall develop
5 performance indicators to monitor programmatic functions that are state and
6 situation specific and to support performance-based assessment for
7 governmental accountability. The performance indicators shall reflect short
8 and long-term goals and objectives of each program, be measurable, and provide
9 guidance for internal programmatic improvement and legislative funding
10 decisions. ATSC is expected to modify these performance indicators as goals
11 and objectives are met and new inputs to programmatic outcomes are identified.

12 (b) All programs funded by the Tobacco Settlement and established in
13 Sections 11 through 15 shall be monitored and evaluated to justify continued
14 support based upon the state's performance-based budgeting initiative. These
15 programs shall be administered pursuant to a strategic plan encompassing the
16 elements of a mission statement, defined programs, program goals with
17 measurable objectives and strategies to be implemented over a specific
18 timeframe. Evaluation of each program shall include performance-based
19 measures for accountability that will measure specific health related results.
20 All expenditures that are payable from the Tobacco Settlement Program Fund
21 and from each of the Program Accounts shall be subject to the same fiscal
22 control, accounting, budgetary and purchasing laws as are expenditures and
23 obligations payable from other State Treasury funds, except as specified
24 otherwise in this Act. The Chief Fiscal Officer of the State may require
25 additional controls, procedures and reporting requirements that he determines
26 are necessary in order to carry out the intent of this act.

27 (c) The ATSC is directed to establish program goals in accordance with
28 the following initiation, short-term and long-term performance indicators for
29 each program to be funded by the Tobacco Settlement, which performance
30 indicators shall be subject to modification by the ATSC based on specific
31 situations and subsequent developments. Progress with respect to these
32 performance indicators shall be reported to the Governor and the General
33 Assembly for future appropriation decisions.

34 (1) Tobacco Prevention and Cessation: The goal is to reduce the
35 initiation of tobacco use and the resulting negative health and economic
36 impact. The following are anticipated objectives in reaching this overall

1 goal :

2 (A) Initiation: The Arkansas Department of Health is to
3 start the program within six (6) months of available appropriation and
4 funding.

5 (B) Short-term: Communities shall establish Local Tobacco
6 Prevention Initiatives.

7 (C) Long-term: Surveys demonstrate a reduction in numbers
8 of Arkansans who smoke and/or use tobacco.

9 (2) Medicaid Expansion: The goal is to expand access to
10 healthcare through targeted Medicaid expansions thereby improving the health
11 of eligible Arkansans.

12 (A) Initiation: The Arkansas Department of Human Services
13 is to start the program initiatives within six (6) months of available
14 appropriation and funding.

15 (B) Short-term: The Arkansas Department of Human Services
16 demonstrates an increase in the number of new Medicaid eligible persons
17 participating in the expanded programs.

18 (C) Long-term: Demonstrate improved health and reduced
19 long-term health costs of Medicaid eligible persons participating in the
20 expanded programs.

21 (3) Research and Health Education: The goal is to develop new
22 tobacco-related medical and agricultural research initiatives to improve the
23 access to new technologies, improve the health of Arkansans, and stabilize the
24 economic security of Arkansas.

25 (A) Initiation: The Arkansas Biosciences Institute Board
26 shall begin operation of the Arkansas Biosciences Institute within twelve (12)
27 months of available appropriation and funding.

28 (B) Short-term: Arkansas Biosciences Institute shall
29 initiate new research programs for the purpose of conducting, as specified in
30 Section 13: agricultural research with medical implications; bioengineering
31 research; tobacco-related research; nutritional research focusing on cancer
32 prevention or treatment; and other research approved by the Institute Board.

33 (C) Long-term: The Institute's research results should
34 translate into commercial, alternate technological, and other applications
35 wherever appropriate in order that the research results may be applied to the
36 planning, implementation and evaluation of any health related programs in the

1 State. The Institute is also to obtain federal and philanthropic grant
2 funding.

3 (4) Targeted State Needs Programs: The goal is to improve the
4 healthcare systems in Arkansas and the access to healthcare delivery systems,
5 thereby resolving critical deficiencies that negatively impact the health of
6 the citizens of the state.

7 (A) School of Public Health:

8 (i) Initiation: Increase the number of communities in
9 which participants receive public health training.

10 (ii) Short-Term: Obtain federal and philanthropic
11 grant funding.

12 (iii) Long-term: Elevate the overall ranking of the
13 health status of Arkansas.

14 (B) Minority Health Initiative:

15 (i) Initiation: Start the program within twelve (12)
16 months of available appropriation and funding.

17 (ii) Short-Term: Prioritize the list of health
18 problems and planned intervention for minority population and increase the
19 number of Arkansans screened and treated for tobacco-related illnesses.

20 (iii) Long-term: Reduce death/disability due to
21 tobacco-related illnesses of Arkansans.

22 (C) Delta Area Health Education Center:

23 (i) Initiation: Start the new AHEC in Helena with
24 offices in West Memphis and Lake Village within twelve (12) months of
25 available appropriation and funding.

26 (ii) Short-Term: Increase the number of communities
27 and clients served through the Area Health Education Centers.

28 (iii) Long-term: Increase the access to a primary
29 care provider in underserved communities.

30 (D) AHEC Expansion Program.

31 (i) Initiation: The existing six (6) UAMS Area Health Education
32 Centers shall assess the needs in their service area.

33 (ii) Short-Term. Develop programs to better serve the clients in
34 the existing AHEC areas.

35 (iii) Long-Term. To expand AHEC services into areas of this
36 State which are now underserved or not being served.

