

*As Engrossed: 3/20/91*

1 **State of Arkansas**  
2 **78th General Assembly**  
3 **Regular Session, 1991**

# A Bill

**HOUSE BILL 1908**

4 **By: Representatives Lipton, J. Miller, Day and Landers**

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## **For An Act To Be Entitled**

8 "AN ACT TO ESTABLISH THE ARKANSAS MEDICAID REBATE PROGRAM  
9 REVOLVING FUND; AND FOR OTHER PURPOSES."

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

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13 SECTION 1. This shall be known and may be cited as the "Arkansas  
14 Medicaid Rebate Program Revolving Fund Act of 1991".

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16 SECTION 2. As used in this act, the term "drug manufacturer" means any  
17 person, partnership, corporation, or other institution or entity which is  
18 engaged in the production, preparation, propagation, compounding, conversion,  
19 or processing of drugs, either directly or indirectly by extraction from the  
20 substance of natural origin, or independently by means of chemical synthesis,  
21 or by a combination of extraction and chemical synthesis, or in the packaging,  
22 repackaging, labeling, relabeling and distribution of drugs.

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24 SECTION 3. There is established a fund to be known as the Arkansas  
25 Medicaid Rebate Program Revolving Fund which is hereby created on the books of  
26 the State Treasurer. This fund shall be administered by the Division of  
27 Economic and Medical Services of the Department of Human Services.

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29 SECTION 4. The Department of Human Services is authorized to receive  
30 monies in the form of rebates from drug manufacturers as established by  
31 contract or pursuant to the provisions of the Omnibus Reconciliation Act of  
32 1990. Any monies accruing to the Department through these rebates shall be  
33 deposited in the State Treasury as *nonrevenue receipts* to be credited to the  
34 Arkansas Medicaid Rebate Program Revolving Fund and transferred by the  
35 Director of the Department of Human Services to the Department of Human

1 Services Medicaid Paying Accounts account for utilization by the medicaid  
2 program. Any general revenues that accrue as a result of the receipt of the  
3 Medicaid rebate shall be transferred to the Department of Human Services  
4 Grants Fund Account.

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6 SECTION 5. Ark. Code Ann. §19-6-701(a) is hereby amended by adding a  
7 new subdivision to read as follows:

8 "(6) Funds collected from drug manufacturers as rebates according to  
9 promulgated regulations of Title XIX of the Social Security Act, as amended,  
10 and deposited in the Arkansas Medicaid Rebate Program Revolving Fund. These  
11 funds shall be transferrable to the Department of Human Services Medicaid  
12 Paying Accounts for disbursement in the Medicaid Program."

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14 SECTION 6. All provisions of this act of a general and permanent nature  
15 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
16 Revision Commission shall incorporate the same in the Code.

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18 SECTION 7. If any provision of this act or the application thereof to  
19 any person or circumstance is held invalid, such invalidity shall not affect  
20 other provisions or applications of the act which can be given effect without  
21 the invalid provision or application, and to this end the provisions of this  
22 act are declared to be severable.

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24 SECTION 8. All laws and parts of laws in conflict with this act are  
25 hereby repealed.

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27 SECTION 9. Emergency. It is hereby found and determined by the  
28 Seventy-Eighth General Assembly that this act establishes the Arkansas  
29 Medicaid Rebate Trust Fund; that this fund is to consist of monies received by  
30 the Department of Human Services in the form of rebates from drug  
31 manufacturers; that establishing this rebate program immediately is in the  
32 best interests of this state; and that this act should be effective  
33 immediately. Therefore, an emergency is hereby declared to exist and this act  
34 being necessary for the immediate preservation of the public peace, health and  
35 safety shall be in full force and effect from and after its passage and

1 approval.

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*/s/ John Lipton et al*