

By: Representatives Brown, Mayo

To: Appropriations

HOUSE BILL NO. 496

1 AN ACT TO AMEND SECTION 43-13-403, MISSISSIPPI CODE OF 1972,
2 TO DEFINE CERTAIN TERMS IN THE HEALTH CARE TRUST FUND LAW; TO
3 AMEND SECTION 43-13-405, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT
4 ALL TOBACCO SETTLEMENT INSTALLMENT PAYMENTS MADE TO THE STATE
5 SHALL BE DEPOSITED INTO THE HEALTH CARE TRUST FUND, INCLUDING ANY
6 SETTLEMENT PAYMENTS MADE UNDER COURT ORDER FOR TOBACCO CESSATION
7 PROGRAMS, EXCEPT AS OTHERWISE PROVIDED IN THIS ACT; TO EXTEND THE
8 DATE OF THE REPEALER ON THAT SECTION; TO AMEND SECTION 43-13-407,
9 MISSISSIPPI CODE OF 1972, TO DIRECT THE LEGISLATURE TO APPROPRIATE
10 A CERTAIN SUM ANNUALLY FROM THE TOBACCO SETTLEMENT PAYMENTS TO THE
11 PARTNERSHIP FOR A HEALTHY MISSISSIPPI TO FUND A COMPREHENSIVE
12 STATEWIDE TOBACCO EDUCATION AND PREVENTION PROGRAM; TO SPECIFY THE
13 MINIMUM COMPONENTS OF THE PROGRAM; TO EXTEND THE DATE OF THE
14 REPEALER ON THAT SECTION; TO AMEND SECTION 43-13-409, MISSISSIPPI
15 CODE OF 1972, TO EXPAND THE MEMBERSHIP OF THE BOARD OF DIRECTORS
16 OF THE HEALTH CARE TRUST FUND; TO PROVIDE THAT THE BOARD SHALL
17 REVIEW THE EXPENDITURES AND OUTCOMES OF THE PARTNERSHIP FOR A
18 HEALTHY MISSISSIPPI; TO REQUIRE THE PARTNERSHIP TO PREPARE AN
19 ANNUAL REPORT FOR THE BOARD; AND FOR RELATED PURPOSES.

20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

21 **SECTION 1.** Section 43-13-403, Mississippi Code of 1972, is
22 amended as follows:

23 43-13-403. When used in this article, the following
24 definitions shall apply, unless the context requires otherwise:

25 (a) "Health Care Trust Fund" means the trust fund
26 established by Section 43-13-405 for the deposit of the funds
27 received by the State of Mississippi as a result of the tobacco
28 settlement, including income from the investment of those funds.

29 (b) "Health Care Expendable Fund" means the fund
30 established by Section 43-13-407 for the annual transfer of
31 certain funds from the Health Care Trust Fund that are available
32 for appropriation by the Legislature.

33 (c) "Income" means all interest and dividends derived
34 from the investment of any tobacco settlement funds and any
35 capital gains from the sale or exchange of those investments.

36 (d) "Tobacco settlement" means the settlement of the
37 case of Mike Moore, Attorney General ex rel. State of Mississippi
38 v. The American Tobacco Company et al. (Chancery Court of Jackson
39 County, Mississippi, Cause No. 94-1429) and the settlement of any
40 case brought against tobacco companies by another state, and
41 includes any later amendments and successor agreements.

42 (e) "Tobacco" means any cigarettes, cigars, cheroots,
43 stogies, smoking tobacco (including granulated, plug cut, crimp
44 cut, ready rubbed, and other kinds and forms of tobacco, or
45 substitutes therefor, prepared in such manner as to be suitable
46 for smoking in a pipe or cigarette) and including plug and twist
47 chewing tobacco and snuff, when that "tobacco" is manufactured and
48 prepared for sale or personal consumption. All words used in this
49 paragraph shall be given the meaning as defined in the regulations
50 of the Treasury Department of the United States of America.

51 (f) "Youth" includes minors and young adults.

52 **SECTION 2.** Section 43-13-405, Mississippi Code of 1972, is
53 amended as follows:

54 43-13-405. (1) In accordance with the purposes of this
55 article, there is established in the State Treasury the Health
56 Care Trust Fund, into which shall be deposited Two Hundred Eighty
57 Million Dollars (\$280,000,000.00) of the funds received by the
58 State of Mississippi as a result of the tobacco settlement as of
59 the end of fiscal year 1999, and all tobacco settlement
60 installment payments made in subsequent years, including any
61 settlement payments made under court order for tobacco cessation
62 programs, except as otherwise provided in Section 43-13-407(1),
63 (2), (3 and (5)). All income from the investment of the funds in
64 the Health Care Trust Fund shall be credited to the account of the
65 Health Care Trust Fund. The funds in the Health Care Trust Fund
66 at the end of a fiscal year shall not lapse into the State General
67 Fund.

68 (2) The Health Care Trust Fund shall remain inviolate and
69 shall never be expended, except as provided in this article. The
70 Legislature shall appropriate from the Health Care Trust Fund such
71 sums as are necessary to recoup any funds lost as a result of any
72 of the following actions:

73 (a) The federal Centers for Medicare and Medicaid
74 Services, or other agency of the federal government, is successful
75 in recouping tobacco settlement funds from the State of
76 Mississippi;

77 (b) The federal share of funds for the support of the
78 Mississippi Medicaid Program is reduced directly or indirectly as
79 a result of the tobacco settlement; or

80 (c) Federal funding for any other program is reduced as
81 a result of the tobacco settlement.

82 * * *

83 (3) This section shall stand repealed on July 1, 2011.

84 **SECTION 3.** Section 43-13-407, Mississippi Code of 1972, is
85 amended as follows:

86 43-13-407. (1) In accordance with the purposes of this
87 article, there is established in the State Treasury the Health
88 Care Expendable Fund, into which shall be transferred from the
89 Health Care Trust Fund the following sums:

90 (a) In fiscal year 2005, Four Hundred Fifty-six Million
91 Dollars (\$456,000,000.00);

92 (b) In fiscal year 2006, One Hundred Eighty-six Million
93 Dollars (\$186,000,000.00);

94 (c) In fiscal year 2007, One Hundred Forty-six Million
95 Dollars (\$146,000,000.00);

96 (d) In fiscal year 2008, One Hundred Six Million
97 Dollars (\$106,000,000.00);

98 (e) In fiscal year 2009, Sixty-six Million Dollars
99 (\$66,000,000.00);

100 (f) In fiscal year 2010 and each fiscal year
101 thereafter, a sum equal to the average annual amount of the
102 dividends, interest and other income, including increases in value
103 of the principal, earned on the funds in the Health Care Trust
104 Fund during the preceding four (4) fiscal years.

105 (2) In any fiscal year in which interest, dividends and
106 other income from the investment of the funds in the Health Care
107 Trust Fund are not sufficient to fund the full amount of the
108 annual transfer into the Health Care Expendable Fund as required
109 in subsection (1)(f) of this section, the State Treasurer shall
110 transfer from tobacco settlement installment payments an amount
111 that is sufficient to fully fund the amount of the annual
112 transfer.

113 (3) On March 6, 2002, the State Treasurer shall transfer the
114 sum of Eighty-seven Million Dollars (\$87,000,000.00) from the
115 Health Care Trust Fund into the Health Care Expendable Fund. In
116 addition, at the time the State of Mississippi receives the
117 tobacco settlement installment payments for each of the calendar
118 years 2002 and 2003, the State Treasurer shall deposit the full
119 amount of each of those installment payments into the Health Care
120 Expendable Fund.

121 (4) The total sum of Two Hundred Forty Million Dollars
122 (\$240,000,000.00) plus interest at the rate of five percent (5%)
123 per annum shall be transferred into the Health Care Trust Fund
124 from the State General Fund during fiscal years 2008 through 2015
125 to repay the trust fund for Two Hundred Forty Million Dollars
126 (\$240,000,000.00) of the total sum that is transferred from the
127 trust fund to the Health Care Expendable Fund during fiscal year
128 2005 under subsection (1)(a) of this section. The repayment shall
129 be made according to the following schedule: During each of
130 fiscal years 2008 through 2014, the State Fiscal Officer shall
131 transfer from the General Fund to the Health Care Trust Fund the
132 sum of Thirty-eight Million Dollars (\$38,000,000.00), and during

133 fiscal year 2015 the State Fiscal Officer shall transfer from the
134 State General Fund to the Health Care Trust Fund a sum in the
135 amount certified by the State Treasurer as necessary to fully
136 repay the balance of the Two Hundred Forty Million Dollars
137 (\$240,000,000.00) plus interest at the rate of five percent (5%)
138 per annum.

139 (5) The Legislature shall appropriate annually, for the
140 purpose expressed in this subsection, from the total gross funds
141 that tobacco companies pay to the State of Mississippi under the
142 tobacco settlement, an amount equal to Twenty Million Dollars
143 (\$20,000,000.00), and the appropriation required by this
144 subsection shall be adjusted annually for inflation, using the
145 Consumer Price Index as published by the United States Department
146 of Labor. The money appropriated under this subsection shall be
147 used to fund a comprehensive statewide tobacco education and
148 prevention program consistent with the recommendations for
149 effective program components in the 1999 Best Practices for
150 Comprehensive Tobacco Control Programs of the federal Centers for
151 Disease Control, as those Best Practices may be amended by the
152 federal Centers for Disease Control. The money appropriated for
153 the programs listed in this subsection shall be appropriated to
154 The Partnership for a Healthy Mississippi, a not-for-profit
155 Mississippi corporation, that was organized under the tobacco
156 settlement and that is charged by the court overseeing the
157 settlement to reduce tobacco use rates in Mississippi. However,
158 no funds shall be appropriated to The Partnership for a Healthy
159 Mississippi under authority of this subsection until The
160 Partnership submits to the Legislative Budget Office a complete
161 audit of all expenditures made by The Partnership from tobacco
162 settlement payments beginning with fiscal year 1999 through fiscal
163 year 2006. This audit shall include an accounting of all
164 expenditures made by The Partnership for a Healthy Mississippi
165 during this seven-year period for state contracts, local

166 governmental contracts, faith-based contracts and any other
167 expenditure made, to include all monies appropriated by the
168 Legislature and all monies not appropriated by the Legislature.
169 The audit shall be conducted by a certified public accountant firm
170 approved by the State Auditor. This program shall include, at a
171 minimum, the following components, and may include additional
172 components that are also contained within the federal Centers for
173 Disease Control Best Practices, as periodically amended, and that
174 are effective at accomplishing the purpose of this subsection:

175 (a) An advertising campaign to discourage the use of
176 tobacco and to educate people, especially youth, about the health
177 hazards of tobacco, which shall be designed to be effective at
178 achieving these goals and shall include, but need not be limited
179 to, television, radio and print advertising;

180 (b) Evidence-based curricula and programs to educate
181 youth about tobacco and to discourage their use of it, including,
182 but not limited to, programs that involve youth, educate youth
183 about the health hazards of tobacco, help youth develop skills to
184 refuse tobacco, and demonstrate to youth how to stop using
185 tobacco;

186 (c) Programs of local community-youth-based
187 partnerships that discourage the use of tobacco and work to
188 educate people, especially youth, about the health hazards of
189 tobacco, with an emphasis on programs that involve youth and
190 emphasize the prevention and cessation of tobacco use;

191 (d) Enforcement of laws, regulations and policies
192 against the sale or other provision of tobacco to minors, and the
193 possession of tobacco by minors;

194 (e) Programs assisting and encouraging participation in
195 tobacco cessation throughout Mississippi; and

196 (f) Publicly reported annual fiscal and programmatic
197 evaluations and reviews to ensure that monies appropriated under
198 this subsection are spent properly, which shall include evaluation

199 of the program's effectiveness in reducing and preventing tobacco
200 use, and annual recommendations for improvements to enhance the
201 program's effectiveness.

202 (6) All income from the investment of the funds in the
203 Health Care Expendable Fund shall be credited to the account of
204 the Health Care Expendable Fund. Any funds in the Health Care
205 Expendable Fund at the end of a fiscal year shall not lapse into
206 the State General Fund.

207 (7) The funds in the Health Care Expendable Fund shall be
208 available for expenditure under specific appropriation by the
209 Legislature beginning in fiscal year 2000, and shall be expended
210 exclusively for health care purposes.

211 (8) The provisions of subsection (1) of this section may not
212 be changed in any manner except upon amendment to that subsection
213 by a bill enacted by the Legislature with a vote of not less than
214 three-fifths (3/5) of the members of each house present and
215 voting.

216 (9) Subsections (1), (2), (5), (6) and (7) of this section
217 shall stand repealed on July 1, 2011.

218 **SECTION 4.** Section 43-13-409, Mississippi Code of 1972, is
219 amended as follows:

220 43-13-409. (1) There is established a board of directors to
221 invest the funds in the Health Care Trust Fund and the Health Care
222 Expendable Fund. The board of directors shall consist of thirteen
223 (13) members as follows:

224 (a) Eight (8) voting members as follows: the State
225 Treasurer, or his designee, the Attorney General, or his
226 designee, * * * one (1) member from each congressional district as
227 existing on January 1, 2007, and two (2) members from the state at
228 large, to be appointed by the Governor with the advice and consent
229 of the Senate. Of the members appointed by the Governor, one (1)
230 member shall be appointed for an initial term that expires on
231 March 1, 2000; one (1) member shall be appointed for an initial

232 term that expires on March 1, 2001; one (1) member shall be
233 appointed for an initial term that expires on March 1, 2002; one
234 (1) member shall be appointed for an initial term that expires on
235 March 1, 2003; * * * one (1) member shall be appointed for an
236 initial term that expires on March 1, 2004; and one (1) member
237 shall be appointed for an initial term that begins on July 1,
238 2007, and expires on March 1, 2011. Upon the expiration of any of
239 the initial terms of office, the Governor shall appoint successors
240 by and with the advice and consent of the Senate for terms of five
241 (5) years from the expiration date of the previous term. Any
242 member appointed by the Governor shall be eligible for
243 reappointment. Each member appointed by the Governor shall
244 possess knowledge, skill and experience in business or financial
245 matters commensurate with the duties and responsibilities of the
246 board of directors in administering the Health Care Trust Fund and
247 the Health Care Expendable Fund.

248 (b) Three (3) nonvoting, advisory members of the Senate
249 shall be appointed by the Lieutenant Governor, and one (1)
250 nonvoting, advisory representative of the health care community
251 shall be appointed by the Lieutenant Governor, who shall serve for
252 the length of the term of the appointing official and shall be
253 eligible for reappointment.

254 (c) Three (3) nonvoting, advisory members of the House
255 of Representatives shall be appointed by the Speaker of the House,
256 and one (1) nonvoting, advisory representative of the health care
257 community shall be appointed by the Speaker of the House, who
258 shall serve for the length of the term of the appointing official
259 and shall be eligible for reappointment.

260 (d) Any person appointed to fill a vacancy on the board
261 of directors shall be appointed in the same manner as for a
262 regular appointment and shall serve for the remainder of the
263 unexpired term only.

264 (2) Nonlegislative members of the board of directors shall
265 serve without compensation, but shall be reimbursed for each day's
266 official duties of the board at the same per diem as established
267 by Section 25-3-69, and actual travel and lodging expenses as
268 established by Section 25-3-41. Legislative members of the board
269 of directors shall receive the same per diem and expense
270 reimbursement as for attending committee meetings when the
271 Legislature is not in regular session.

272 (3) The State Treasurer shall be the chairman of the board
273 of directors. The board of directors shall annually elect one (1)
274 member to serve as vice chairman of the board. The vice chairman
275 shall act as chairman in the absence of or upon the disability of
276 the chairman or if there is a vacancy in the office of chairman.

277 (4) All expenses of the board of directors in carrying out
278 its duties and responsibilities under this article, including the
279 payment of per diem and expenses of the nonlegislative members of
280 the board, shall be paid from funds appropriated to the State
281 Treasurer's office for that purpose.

282 (5) The board of directors shall invest the funds in the
283 Health Care Trust Fund and the Health Care Expendable Fund in any
284 of the investments authorized for the Mississippi Prepaid
285 Affordable College Tuition Program under Section 37-155-9, and
286 those investments shall be subject to the limitations prescribed
287 by Section 37-155-9.

288 (6) In furtherance of the powers granted under subsection
289 (5) of this section, the board of directors shall have such powers
290 as necessary or convenient to carry out the purposes and
291 provisions of this article, including, but not limited to, the
292 following express powers:

293 (a) To contract for necessary goods and services, to
294 employ necessary personnel, and to engage the services of
295 consultants for administrative and technical assistance in

296 carrying out its duties and responsibilities in administering the
297 Health Care Trust Fund and the Health Care Expendable Fund;

298 (b) To administer the Health Care Trust Fund and the
299 Health Care Expendable Fund in a manner that is sufficiently
300 actuarially sound to meet the obligations of this article and to
301 establish a comprehensive investment plan for the purposes of this
302 article, which shall specify the investment policies to be
303 utilized by the board of directors in administering the funds;

304 (c) Subject to the terms, conditions, limitations and
305 restrictions specified in Section 37-155-9, the board of directors
306 shall have power to sell, assign, transfer and dispose of any of
307 the securities and investments of the Health Care Trust Fund and
308 the Health Care Expendable Fund, provided that any such sale,
309 assignment or transfer has the majority approval of the entire
310 board; * * *

311 (d) To annually prepare or cause to be prepared a
312 report setting forth in appropriate detail an accounting of the
313 Health Care Trust Fund and the Health Care Expendable Fund and a
314 description of the financial condition of the funds at the close
315 of each fiscal year, including any recommendations for legislation
316 regarding the investment authority of the board of directors over
317 the funds. The report shall be submitted to the Governor and the
318 Legislative Budget Office on or before September 1 of each fiscal
319 year; and

320 (e) To review the expenditures and outcomes of The
321 Partnership for a Healthy Mississippi, which shall annually
322 prepare a report for the board of directors, the Governor and the
323 Legislature setting forth in appropriate detail:

324 (i) An accounting of the organization and a
325 description of the financial condition of the funds at the close
326 of each fiscal year as certified from a review of public
327 accountants; and

328 (ii) The programs and outcomes of the program's
329 objectives, as prescribed in Section 43-13-407(5).

330 **SECTION 5.** This act shall take effect and be in force from
331 and after its passage.