

104TH CONGRESS
2D SESSION

H. R. 3779

To amend title XIX of the Social Security Act to reward States for collecting Medicaid funds expended on tobacco-related illnesses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 10, 1996

Mr. OBERSTAR (for himself, Mr. DURBIN, Mr. FRAZER, Mr. MEEHAN, Mr. MINGE, Mr. HANSEN, Mrs. MORELLA, Mr. REED, Mr. SERRANO, Mr. DELLUMS, and Ms. EDDIE BERNICE JOHNSON of Texas) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title XIX of the Social Security Act to reward States for collecting Medicaid funds expended on tobacco-related illnesses, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Tobacco Medicaid Re-
5 covery Act of 1996”.

6 SEC. 2. FINDINGS AND PURPOSE.

7 (a) FINDINGS.—The Congress finds the following:

12 (2) According to the Centers for Disease Con-
13 trol and Prevention, tobacco-related illnesses cost
14 the Medicaid program under title XIX of the Social
15 Security Act \$5,100,000,000 each year.

24 (b) PURPOSE.—The purpose of this Act is to reward
25 States that successfully recover the Federal and State

1 health care costs incurred under the Medicaid program for
2 the treatment of individuals with diseases attributable to
3 the use of tobacco products by providing increased funding
4 for their Medicaid programs and to provide increased re-
5 sources to the National Institutes of Health.

6 **SEC. 3. INCENTIVE PAYMENTS FOR COLLECTION OF MED-**

7 **ICAID FUNDS EXPENDED ON TOBACCO-RE-**
8 **LATED ILLNESSES.**

9 (a) FINANCIAL REWARD FOR SUCCESSFUL RECOV-
10 ERIES.—Section 1903(d) of the Social Security Act (42
11 U.S.C. 1396b(d)) is amended by adding at the end the
12 following new paragraph:

13 “(7)(A) Notwithstanding any other provision of law,
14 if a State recovers, by judgment in, or settlement of, any
15 suit arising under Federal or State law, amounts expended
16 as medical assistance under the State plan for the treat-
17 ment of individuals with diseases attributable to the use
18 of tobacco products, from a manufacturer of tobacco prod-
19 ucts, the State shall notify the Secretary of the amount
20 of such recovery. Upon receipt of such a notice, the Sec-
21 retary shall determine the amount of Federal expenditures
22 under this title that are attributable to the amounts recov-
23 ered, based on the Federal medical assistance percentage,
24 as defined in section 1905(b), for such State. The Sec-
25 retary shall treat the amount so determined as an overpay-

1 ment under this section, in accordance with paragraph
2 (2)(A), and with respect to such amount shall do the fol-
3 lowing:

4 “(i) Provide that the State shall retain $\frac{1}{3}$ of
5 such amount, for the purpose of using such funds to
6 meet the non-Federal share of expenditures under
7 the State plan with respect to which payments may
8 be made under this title.

9 “(ii) Pay $\frac{1}{3}$ of such amount to the Director of
10 the National Institutes of Health, for the purpose of
11 conducting disease research.

12 “(B) Any amount of new budget authority or outlays
13 resulting from the provisions of this paragraph shall not
14 be counted for any purpose under section 251 or 252 of
15 the Balanced Budget and Emergency Deficit Control Act
16 of 1985.

17 “(C) For purposes of this paragraph—

18 “(i) the term ‘manufacturer of tobacco prod-
19 ucts’ has the meaning given such term by section
20 5702(d) of the Internal Revenue Code of 1986; and

21 “(ii) the term ‘tobacco products’ has the mean-
22 ing given such term by section 5702(c) of such
23 Code.”.

24 (b) CONFORMING AMENDMENT.—Section 1902(a) of
25 such Act (42 U.S.C. 1396a(a)) is amended—

1 (1) by striking “and” at the end of paragraph
2 (61);

5 (3) by inserting after paragraph (62) the fol-
6 lowing new paragraph:

7 “(63) provide that the State shall provide
8 prompt notice to the Secretary of the amount of any
9 recovery from a manufacturer of tobacco products,
10 as defined in section 1903(d)(7)(C)(i), of expendi-
11 tures for medical assistance provided under such
12 plan for the treatment of individuals with diseases
13 attributable to the use of tobacco products, as de-
14 fined in section 1903(d)(7)(C)(ii).”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 subsections (a) and (b) shall apply to amounts recovered
17 on and after the date of the enactment of this Act.