

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## FIRST SPECIAL SESSION-1997

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Legislative Document

No. 1887

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H.P. 1338

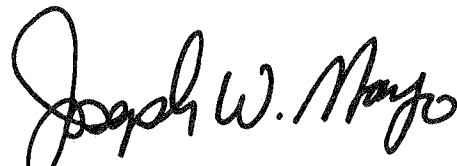
House of Representatives, May 23, 1997

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**An Act Regarding Health and the Prevention of Smoking.**

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Reported by the Majority from the Joint Standing Committee on Health and Human Services pursuant to Joint Order H.P. 1322.

  
JOSEPH W. MAYO, Clerk

Be it enacted by the People of the State of Maine as follows:

PART A

Sec. A-1. 22 MRSA §18 is enacted to read:

§18. Tobacco use report

In cooperation with other state and federal agencies, the commissioner shall collect information on tobacco use among youth and young adults and shall report by January 1, 1999, and every other year thereafter to the joint standing committee of the Legislature having jurisdiction over health and human service matters.

Sec. A-2. 22 MRSA §3174-G, sub-§1, as enacted by PL 1989, c. 502, Pt. A, §72, is amended to read:

1. Delivery of services. The department shall provide for the delivery of federally approved Medicaid services to qualified pregnant women up to 60 days following delivery and infants up to one year of age when the woman's or child's family income is below 185% of the nonfarm income official poverty line and children under 5 years of age and qualified elderly and disabled persons, when the child's or person's family income is below 100% of the nonfarm income official poverty line. The official poverty line shall-be is that applicable to a family of the size involved, as defined by the Federal Office of Management and Budget and revised annually in accordance with the United States Omnibus Budget Reconciliation Act of 1981, Section 673, Subsection 2. These--services--shall--be--effective--October--1, 1988. The commissioner shall adopt rules providing Medicaid services to dependent children 19 and 20 years of age.

Sec. A-3. 22 MRSA §3174-G, sub-§1-A is enacted to read:

1-A. Expanded services. The department shall apply to the federal Department of Health and Human Services for approval of a program of expanded Medicaid services to provide services to children under 19 years of age when the family income is below 200% of the nonfarm income official poverty line for a family of the size involved, as defined by the federal Office of Management and Budget and revised annually in accordance with the United States Omnibus Budget Reconciliation Act of 1981, Section 673, Subsection 2. Coverage under this subsection may not begin until approval has been granted and must begin within 90 days of the date the application is approved.

The department shall apply to the federal Health Care Financing Administration for a waiver to provide Medicaid prescription drug

benefits to persons 65 years of age and over. Under the waiver program, prescription drug benefits must be provided to a qualified elderly person when that person's family income is below 150% of the nonfarm income official poverty line. Coverage under the waiver program may not begin before July 1, 1998 and until the application has been approved, and must begin within 90 days of the date the application is approved.

The department shall adopt rules to implement this subsection. Rules for the expanded Medicaid coverage for children must include access for children to primary, preventive, acute and behavioral health care, health programs, information about illness and prevention of illness and health maintenance. Rules adopted pursuant to this subsection are major substantive rules as defined by Title 5, chapter 375, subchapter II-A.

Sec. A-4. 22 MRSA §3174-G, sub-§2, as enacted by PL 1989, c. 502, Pt. A, §72, is amended to read:

2. Resource test. The department may not apply a resource test to those children and pregnant women and to elderly persons eligible for prescription drug benefits who are made eligible under this section, unless these persons also receive Aid to Families with Dependent Children or any successor program providing temporary assistance for needy families under this Title or United States Supplemental Security Income benefits.

Sec. A-5. 22 MRSA §3174-G, sub-§§4 and 5 are enacted to read:

4. Rulemaking. The department shall adopt rules to implement the provisions of this section. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter II-A, except for major substantive rules adopted pursuant to subsection 5.

5. Expanded coverage for parents. The commissioner shall adopt rules to provide new coverage for low-income working and temporarily unemployed parents when a surplus accumulates or is projected to accumulate in the Healthy Families Fund established pursuant to section 3192, because:

A. The United States Congress amends the Medicaid program in a manner that causes savings to accrue to the Maine Medicaid program; or

B. Projected revenues significantly exceed projected appropriated expenditures in that fund.

Rules adopted pursuant to this subsection are major substantive rules as defined by Title 5, chapter 375, subchapter II-A.

**Sec. A-6. Medicaid Advisory Committee membership.** By January 1, 1998, the Commissioner of Human Services shall adopt rules adding to the membership of the Medicaid Advisory Committee 2 children's advocates from nominations submitted by statewide advocacy groups for children.

**Sec. A-7. Effective date.** This Part takes effect January 1, 1998.

## PART B

**Sec. B-1. 5 MRSA §12004-I, sub-§36-C** is enacted to read:

<u>36-C.</u>	<u>Tobacco</u>	<u>Expenses/</u>	<u>22 MRSA</u>
<u>Human</u>	<u>Prevention</u>	<u>Legislative</u>	<u>§272</u>
<u>Services</u>	<u>and Control</u>	<u>Per Diem</u>	
	<u>Council</u>	<u>for Non-</u>	
		<u>salaried</u>	
		<u>Employee</u>	
		<u>Members</u>	

**Sec. B-2. 22 MRSA c. 102** is enacted to read:

### CHAPTER 102

#### TOBACCO TAX AND HEALTH PROTECTION

##### §271. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Bureau. "Bureau" means the Bureau of Health.

2. Council. "Council" means the Maine Tobacco Prevention and Control Council.

3. Program. "Program" means the Tobacco Prevention and Control Program.

4. Tobacco products. "Tobacco products" means any form of tobacco and any material or device used in the smoking, chewing or other form of tobacco consumption, including cigarette papers and pipes.

##### §272. Tobacco Prevention and Control Program

2 1. Program established. The Tobacco Prevention and Control  
3 Program is established in the bureau. The purposes of the  
4 program are to prevent the State's youths from ever using tobacco  
5 products and to assist youths and adults who currently smoke  
6 cigarettes and use other tobacco products to discontinue  
7 smoking. The program includes the following components:

8 A. An ongoing, major media campaign to:

10 (1) Educate the public about the health hazards, costs  
11 and other relevant facts surrounding the use of tobacco  
12 products;

14 (2) Encourage young people not to begin using tobacco  
15 products;

16 (3) Motivate the users of tobacco products to  
17 discontinue smoking;

20 (4) Reinforce behavior of former users of tobacco  
21 products to prevent relapse; and

22 (5) Encourage public acceptance of smoke-free  
23 environments;

26 B. Grants for funding community-based programs aimed at  
27 tobacco prevention and control, including funding of tobacco  
28 prevention and control education for those school  
29 administrative units that choose to offer such programs to  
30 primary, middle and high school students and for  
31 community-based enforcement of state tobacco control laws,  
32 including sales to minors;

34 C. Community-based programs of smoking prevention and  
35 cessation counseling and medication, when appropriate,  
36 available for all youths free of charge and means-tested for  
37 adults;

40 D. Procedures for monitoring and evaluating which  
41 prevention and control programs are working and which need  
42 to be changed, including programs to:

44 (1) Monitor and maintain the program's effectiveness  
45 through an evaluation of each component; and

46 (2) Assess the prevalence of the use of tobacco  
47 products and knowledge about and attitudes towards such  
48 use on a statewide and community basis; and

2 E. In conjunction with law enforcement and other state and  
4 federal agencies, increased law enforcement efforts to  
increase compliance with laws regarding the transportation,  
distribution and sale of cigarettes and tobacco products.

6 The bureau shall administer the program with the review and  
8 advice provided in subsection 2 and may contract for  
professional services to carry out the program.

10 2. Tobacco Prevention and Control Council. The Tobacco  
12 Prevention and Control Council is established under Title 5,  
14 section 12004-I, subsection 36-C to review the program. The  
16 council shall provide advice to the bureau in carrying out its  
18 duties under this section and ensure coordination of the program  
20 with relevant nonprofit and community agencies and the Department  
of Education, the Department of Mental Health, Mental Retardation  
and Substance Abuse Services, Office of Substance Abuse, the  
Maine Center for Public Health Practice and other relevant state  
agencies. The council consists of 7 members, appointed as  
follows:

22 A. Two public health officials, appointed by the Governor;

24 B. Two representatives of nonprofit organizations involved  
26 in seeking to reduce the use of tobacco products in the  
28 State, with one representative appointed by the President of  
the Senate and one representative appointed by the Speaker  
of the House of Representatives;

30 C. A person who designs and implements issue-oriented,  
32 public health media campaigns, appointed by the Governor; and

34 D. Two persons involved in designing and implementing  
36 community-based education or cessation programs for the  
prevention of tobacco use, one to focus on adults, appointed  
by the President of the Senate, and one to focus on youth,  
appointed by the Speaker of the House of Representatives.

38 Appointments to the council must be made by October 1, 1997.  
40 Members serve for 3-year terms and may be reappointed. When the  
42 appointment of all members is complete, the Governor or the  
44 Governor's designee shall convene the first meeting of the  
council no later than November 1, 1997. The council shall choose  
46 a chair from among its members and establish its procedure for  
reaching decisions. The bureau shall provide staff assistance to  
48 the council. The council shall report annually on the program to  
the Governor and the Legislature by December 1st and include any  
recommendations or proposed legislation to further the purposes  
of the program.

50

2 The appointing authority shall fill a vacancy on the council for  
3 the remainder of the vacant term. Each member who is not a  
4 salaried employee is entitled to compensation as provided in  
5 Title 5, section 12004-I, subsection 36-C, following approval of  
6 expenses by the Director of the Bureau of Health.

8 **PART C**

9 **Sec. C-1. 22 MRSA §1546** is enacted to read:

10 **§1546. Healthy Families Fund**

11 The Healthy Families Fund, hereafter referred to in this  
12 section as "the fund," is established as part of a program to  
13 reduce the use of tobacco products by youths and adults of the  
14 State. Expenditures from the fund must be made as provided in  
15 this section. The fund is a dedicated fund and may not lapse.

16 A. Beginning November 1, 1997, the Treasurer of State shall  
17 transfer to the fund money representing 37 mills per  
18 cigarette from the tax levied under Title 36, section 4365.

19 B. After depositing funds under paragraph A, the Treasurer  
20 of State shall make the following payments in the following  
21 order:

22 (1) The Treasurer of State shall deposit into the  
23 General Fund the revenues necessary to maintain the  
24 level of cigarette tax revenue at the level that was  
25 realized by the General Fund for the same time period  
26 in fiscal year 1996-97;

27 (2) The Treasurer of State shall transfer to the  
28 Department of Human Services for the Medicaid program  
29 funds sufficient for all allocations for coverage under  
30 the Medicaid program provided for in section 3174-G,  
31 subsection 1-A and for positions authorized by  
32 legislative allocation from this fund;

33 (3) The Treasurer of State shall transfer to the  
34 department for the Tobacco Prevention and Control  
35 Program established in section 272 funds sufficient for  
36 all allocations from the fund; and

37 (4) All remaining revenues in the fund must be retained  
38 in the fund and transferred to the department for the  
39 Medicaid program for expanded coverage for adults  
40 authorized under section 3174-G, subsection 5, and  
41 allocated by the Legislature for expenditure consistent



2                   with the purpose of the fund, to reduce the use of  
3                   tobacco products by youths and adults of the State.

4                   **Sec. C-2. 36 MRSA §4365, first ¶,** as amended by PL 1989, c.  
5                   588, Pt. D, §1, is further amended to read:

6  
7                   A tax is imposed on all cigarettes held in this State by any  
8                   person for sale, the tax to be at the rate of 15.5 mills for each  
9                   cigarette beginning October 1, 1989; 16.5 mills for each  
10                  cigarette beginning January 1, 1991; and 18.5 mills for each  
11                  cigarette beginning July 1, 1991. Beginning November 1, 1997, as  
12                  a public health measure, the tax imposed under this section is 37  
13                  mills for each cigarette. Payment of the tax shall must be  
14                  evidenced by the affixing of stamps to the packages containing  
15                  the cigarettes. If a federal program similar to that provided in  
16                  Title 22, section 3185, becomes effective, this tax is reduced by  
17                  one mill for each cigarette. The Governor shall determine by  
18                  proclamation when the federal program has become effective.  
19                  Nothing contained in this chapter shall may be construed to  
20                  impose a tax on any transaction, the taxation of which by this  
21                  State is prohibited by the Constitution of the United States.  
22                  Beginning November 1, 1997, the tax imposed pursuant to this  
23                  section is dedicated to the Healthy Families Fund established in  
24                  Title 22, section 1546.

25                  **Sec. C-3. 36 MRSA §4365-D** is enacted to read:

26                  **§4365-D. Rate of tax beginning November 1, 1997**

27                  Beginning November 1, 1997, the following provisions apply  
28                  to cigarettes held for resale on that date.

29                  **1. Stamped rate.** Cigarettes stamped at the rate of 18.5  
30                  mills per cigarette and held for resale after October 31, 1997  
31                  are subject to tax at the rate of 37 mills per cigarette.

32                  **2. Liability.** A person possessing cigarettes for resale is  
33                  liable for the difference between the tax rate of 37 mills per  
34                  cigarette and the tax rate of 18.5 mills per cigarette in effect  
35                  before November 1, 1997. Stamps indicating payment of the tax  
36                  imposed by this section must be affixed to all packages of  
37                  cigarettes held for resale as of November 1, 1997, except that  
38                  cigarettes held in vending machines as of that date do not  
39                  require that stamp.

40                  **3. Vending machines.** Notwithstanding any other provision  
41                  of this chapter, it is presumed that all cigarette vending  
42                  machines are filled to capacity on November 1, 1997 and the tax  
43                  imposed by this section must be reported on that basis. A credit  
44                  against this inventory tax must be allowed for cigarettes stamped  
45                  on or before November 1, 1997.

2 at the 37 mill rate placed in vending machines before November 1,  
3 1997.

4 4. Payment. Payment of the tax imposed by this section  
5 must be made to the State Tax Assessor by February 1, 1998,  
6 accompanied by forms prescribed by the assessor and must be  
7 credited to the Healthy Families Fund established in Title 22,  
8 section 1546.

10 **Sec. C-4. Effective date.** This Part takes effect October 1,  
12 1997.

14 **PART D**

16 **Sec. D-1. 22 MRSA §254, sub-§9** is enacted to read:

18 9. Authorization. The commissioner is authorized to expend  
19 General Fund appropriations in the low-cost drug program to meet  
20 a portion of the State's share of the cost of extending Medicaid  
21 prescription drug coverage to certain elder adults pursuant to  
22 section 3174-G, subsection 1-A, if federal approval is granted.

24 **Sec. D-2. Appropriation.** The following funds are appropriated  
25 from the General Fund to carry out the purposes of this Act.

	1997-98	1998-99	
<b>ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF</b>			
<b>Bureau of Taxation</b>			
34	Positions - Legislative Count	(1,000)	(1,000)
	Personal Services	\$15,903	\$32,904
36	All Other	38,920	53,440
	Capital Expenditures	10,000	
38			
40	Provides funds for one		
	Revenue Agent position,		
42	effective January 1, 1998,		
	one contract investigator and		
44	related administrative		
	expenses to administer and		
46	enforce the cigarette tax		
	laws.		
48	<b>DEPARTMENT OF ADMINISTRATIVE</b>		
	<b>AND FINANCIAL SERVICES</b>		
50	<b>TOTAL</b>	<u>\$64,823</u>	<u>\$86,344</u>

2 **HUMAN SERVICES,**  
 4 **DEPARTMENT OF**  
 6 **Bureau of Medical Services**

8 All Other 50,000  
 10 Provides funds to support a  
 12 portion of the estimated cost  
 of applying for a Medicaid  
 waiver.

14 **TOTAL**  
 16 **APPROPRIATIONS** \$114,823 \$86,344

18 **Sec. D-3. Allocation.** The following funds are allocated from  
 20 the Federal Expenditure Fund to carry out the purposes of this  
 Act.

22 **1997-98** **1998-99**

24 **HUMAN SERVICES,**  
 26 **DEPARTMENT OF**

28 **Bureau of Medical Services**

30 All Other \$50,000  
 32 Provides funds to support a  
 34 portion of the estimated cost  
 of applying for a Medicaid  
 waiver.

36 **Bureau of Family**  
 38 **Independence - Regional**

40 Positions - Legislative Count (32,500) (32,500)  
 42 Personal Services 661,703 1,075,267  
 All Other 205,969 102,375

44 **TOTAL** 867,672 1,177,642

46 Provides funds to support the  
 48 additional eligibility  
 determination costs of  
 50 extending Medicaid coverage  
 to additional children,

2 including funds for 26 Income  
 2 Maintenance Specialist  
 4 positions, 3 Income  
 4 Maintenance Unit Supervisor  
 6 positions and 3.5 Human  
 6 Service Aide III positions  
 8 and related costs. These  
 8 positions may only be  
 10 established if federal  
 10 approval for the expansion is  
 12 granted.

12

**Bureau of Family  
 14 Independence - Regional**

16	Positions - Legislative Count	(28,000)	(28,000)
	Personal Services	106,815	925,733
18	All Other	140,700	88,200

20

	TOTAL	<u>247,515</u>	<u>1,013,933</u>
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22

24 Provides funds to support the  
 24 additional eligibility  
 26 determination costs of  
 26 extending Medicaid  
 28 prescription drug coverage to  
 28 certain adults, including  
 30 funds for 22.5 Income  
 30 Maintenance Specialist  
 32 positions, 2.5 Income  
 32 Maintenance Unit Supervisor  
 34 positions and 3 Human Service  
 34 Aide II positions and related  
 36 costs. These positions may  
 36 only be established if the  
 38 federal waiver is approved.

38

**OMB Operations - Regional**

40

	Positions - Legislative Count	(7,500)	(7,500)
42	Personal Services	21,217	183,879
44	All Other	37,688	23,625

46

	TOTAL	<u>58,905</u>	<u>207,504</u>
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48

48 Provides funds to support the  
 50 additional eligibility  
 50 determination costs of

2 extending Medicaid coverage  
 3 to additional children,  
 4 including funds for 7.5 Clerk  
 5 Typist II positions and  
 6 related costs. These  
 7 positions may only be  
 8 established if federal  
 9 approval for the expansion is  
 10 granted.

10 **OMB Operations - Regional**

12			
13	Positions - Legislative Count	(6,500)	(6,500)
14	Personal Services	18,388	159,362
15	All Other	32,663	20,475
16			
17			
18	TOTAL	<u>51,051</u>	<u>179,837</u>

20 Provides funds to support the  
 21 additional eligibility  
 22 determination costs of  
 23 extending Medicaid  
 24 prescription drug coverage to  
 25 certain adults, including  
 26 funds for 6.5 Clerk Typist II  
 27 positions and related costs.  
 28 These positions may only be  
 29 established if the federal  
 30 waiver is approved.

32 **Medical Care - Payments  
 33 to Providers**

34	All Other	7,587,920	24,012,770
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36 Provides funds to support the  
 37 federal share of the cost of  
 38 extending Medicaid coverage  
 39 to additional children.

42 **Medical Care - Payments to Providers**

44	All Other		15,546,466
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46 Provides funds to support the  
 47 federal share of the cost of  
 48 extending Medicaid  
 49 prescription drug coverage to  
 50 certain adults.

2 **DEPARTMENT OF HUMAN**  
 3 **SERVICES**  
 4 **TOTAL** \$8,863,063 \$42,138,152

6 **Sec. D-4. Allocation.** The following funds are allocated from  
 7 Other Special Revenue to carry out the purposes of this Act.

8  
 9  
 10 **1997-98** **1998-99**

11 **HUMAN SERVICES,**  
 12 **DEPARTMENT OF**

13 **Medical Care - Payments**  
 14 **to Providers**

15 All Other \$4,003,770 \$12,348,178

16  
 17 Provides funds to support the  
 18 state share of the cost of  
 19 extending Medicaid coverage  
 20 to additional children.

21  
 22  
 23 **Medical Care - Payments**  
 24 **to Providers**

25 All Other 3,992,162

26  
 27 Provides funds to support a  
 28 portion of the state share of  
 29 the cost of extending  
 30 Medicaid prescription drug  
 31 coverage to certain adults.

32  
 33 **Bureau of Health**

34  
 35 Positions - Legislative Count (2,000) (2,000)  
 36 Personal Services 41,300 82,600  
 37 All Other 9,958,700 9,917,400

38  
 39  
 40  
 41 **TOTAL** 10,000,000 10,000,000

42  
 43 Provides funds to support the  
 44 Tobacco Prevention and  
 45 Control Program, including  
 46 funds for 2 Public Health  
 47 Educator III positions.

2 **Bureau of Family  
Independence - Regional**

4	Positions - Legislative Count	(32,500)	(32,500)
	Personal Services	661,703	1,075,267
6	All Other	205,969	102,375
8			
	TOTAL	<u>867,672</u>	<u>1,177,642</u>

10 Provides funds to support the  
12 additional eligibility  
14 determination costs of  
16 extending Medicaid coverage  
18 to additional children,  
20 including funds for 26 Income  
22 Maintenance Specialist  
24 positions, 3 Income  
26 Maintenance Unit Supervisor  
positions and 3.5 Human  
Service Aide III positions  
and related costs. These  
positions may only be  
established if federal  
approval for the expansion is  
granted.

28 **Bureau of Family Independence - Regional**

30	Positions - Legislative Count	(28,000)	(28,000)
	Personal Services	106,815	925,733
32	All Other	140,700	88,200
34			
	TOTAL	<u>247,515</u>	<u>1,013,933</u>

36 Provides funds to support the  
38 additional eligibility  
40 determination costs of  
42 extending Medicaid  
44 prescription drug coverage to  
46 certain adults, including  
48 funds for 22.5 Income  
50 Maintenance Specialist  
positions, 2.5 Income  
Maintenance Unit Supervisor  
positions and 3 Human Service  
Aide II positions and related  
costs. These positions may  
only be established if the  
federal waiver is approved.

2 **OMB Operations - Regional**

4	Positions - Legislative Count	(7,500)	(7,500)
	Personal Services	21,217	183,879
6	All Other	37,688	23,625
8			
	TOTAL	<u>58,905</u>	<u>207,504</u>

10 Provides funds to support the  
 12 additional eligibility  
 14 determination costs of  
 16 extending Medicaid coverage  
 18 to additional children,  
 20 including funds for 7.5 Clerk  
 22 Typist II positions and  
 related costs. These  
 positions may only be  
 established if federal  
 approval for the expansion is  
 granted.

24 **OMB Operations - Regional**

26	Positions - Legislative Count	(6,500)	(6,500)
	Personal Services	18,388	159,362
28	All Other	32,663	20,475
30			
	TOTAL	<u>51,051</u>	<u>179,837</u>

32 Provides funds to support the  
 34 additional eligibility  
 36 determination costs of  
 extending Medicaid  
 prescription drug coverage to  
 38 certain adults, including  
 funds for 6.5 Clerk Typist II  
 40 positions and related costs.  
 42 These positions may only be  
 established if the federal  
 waiver is approved.

44	<b>DEPARTMENT OF HUMAN SERVICES</b>		
46	<b>TOTAL</b>	<u>\$15,228,913</u>	<u>\$28,919,256</u>



FISCAL NOTE

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1997-98                      1998-99

APPROPRIATIONS/ALLOCATIONS

General Fund	\$114,823	\$86,344
Other Funds	24,091,976	71,057,408

REVENUES

General Fund	\$1,137,803	\$3,267,039
Other Funds	17,402,405	28,198,753

This bill generates additional revenue related to an increase in the cigarette tax by 18.5 mills per cigarette or 37 cents per package of cigarettes. Most of the additional revenues are dedicated by the bill to fund several new or expanded programs within the Department of Human Services. General Fund revenue will be increased by transfers from the dedicated Healthy Families Fund and additional sales tax revenue on cigarette sales. The net General Fund savings of this bill is \$1,022,980 and \$3,180,695 in fiscal years 1997-98 and 1998-99, respectively. Since the projected cost of the new programs increases over time and the revenue from the increase in the cigarette tax is projected to decline over time, authorized expenditures will eventually exceed dedicated revenue. It is estimated that costs will exceed dedicated revenue beginning in the 2000-2001 biennium. Additional General Fund appropriations will be required to fund the differences at that time. This bill will result in a net General Fund cost beginning in the 2002-2003 biennium.

Increasing the cigarette tax effective November 1, 1997 and dedicating all of the cigarette tax revenue to the Healthy Families Fund, net of General Fund transfers, will increase Other Special revenue by \$17,331,728 in fiscal year 1997-98 and \$28,163,567 in fiscal year 1998-99.

Transferring sufficient revenue from the Healthy Families Fund to the General Fund to maintain the same level of revenue that occurred in fiscal year 1996-97 will increase General Fund revenue by \$753,058 in fiscal year 1997-98 and \$2,612,297 in fiscal year 1998-99 because current revenue estimates for next biennium show a decline in revenue for those years compared with fiscal year 1996-97.

The increase in price affecting the sales tax will increase General Fund revenue by \$384,745 in fiscal year 1997-98 and \$654,742 in fiscal year 1998-99. The corresponding increase in

2 dedicated revenue to the Local Government Fund for  
state-municipal revenue sharing will be \$20,677 and \$35,186,  
3 respectively.

4  
5 The Bureau of Taxation will require additional General Fund  
6 appropriations of \$64,823 and \$86,344 in fiscal years 1997-98 and  
1998-99, respectively, for one Revenue Agent position effective  
8 January 1, 1998, one contract investigator and related  
administrative expenses to administer and enforce the cigarette  
10 tax laws.

12 The estimated total cost of extending Medicaid coverage to  
certain children is estimated to be \$13,444,843 in fiscal year  
14 1997-98 and \$39,131,241 in fiscal year 1998-99 assuming approval  
is received and eligibility begins January 1, 1998. This  
16 estimate includes \$11,591,689 and \$36,360,948 in fiscal years  
1997-98 and 1998-99, respectively, for benefit costs and  
18 \$1,853,154 and \$2,770,293 in fiscal years 1997-98 and 1998-99,  
respectively, for 80 new positions to determine eligibility for  
20 the program. Of these amounts \$4,930,347 and \$13,733,324 in  
fiscal years 1997-98 and 1998-99, respectively, represent the  
22 state share of costs to be funded through Other Special Revenue  
allocations from the Healthy Families Fund.

24  
26 The estimated total cost of extending Medicaid prescription  
drug coverage to certain older adults is estimated to be \$697,133  
in fiscal year 1997-98 and \$25,928,525 in fiscal year 1998-99  
28 assuming the federal waiver is approved and eligibility begins  
July 1, 1998. This estimate includes \$23,540,985 in fiscal year  
30 1998-99 for benefit costs, \$597,133 and \$2,387,540 in fiscal  
years 1997-98 and 1998-99, respectively, for 69 new positions to  
32 determine eligibility for the program. Of these amounts \$298,566  
and \$5,185,931 in fiscal years 1997-98 and 1998-99, respectively,  
34 represent the state share of costs to be funded through Other  
Special Revenue allocations from the Healthy Families Fund. The  
36 fiscal year 1998-99 amount is \$4,002,357 less than the amount  
required, since the bill authorizes the use of the existing  
38 appropriation for the Low-cost Drugs for Maine's Elderly program  
if the waiver is approved. The department will also incur  
40 additional costs to prepare the required waiver request. The  
actual increase in administrative costs will depend on the level  
42 of technical and actuarial assistance required. The department  
estimates that an additional \$100,000 will be needed. This bill  
44 provides that level of funding through a \$50,000 General Fund  
appropriation and a \$50,000 Federal Expenditure Fund allocation  
46 in fiscal year 1997-98.

48 The cost of expanding Medicaid coverage to low-income  
parents under certain conditions can not be estimated at this  
50 time. The total amount of additional General Fund appropriations

2 that will be required if federal approval is granted will depend  
on the specific eligibility standards that are developed and on  
4 the actual permanent funding stream that is identified to support  
these additional costs.

6 This bill also includes Other Special Revenue allocations of  
\$10,000,000, annually, in fiscal years 1997-98 and 1998-99 for  
8 the Tobacco Prevention and Control Program.

10  
12 **SUMMARY**

This bill, which is the report of the majority of the  
14 committee, requires the Department of Human Services to apply for  
approval to expand Medicaid coverage to children whose family  
16 income is up to 200% of the federal poverty level and to apply  
for a waiver to provide coverage for the elderly in a Medicaid  
18 prescription drug program to elderly whose income is up to 150%.  
It adds rulemaking to provide that the expanded Medicaid coverage  
20 for children includes access for children to primary, preventive,  
acute and behavioral health care, health programs, information  
22 about illness and prevention of illness and health maintenance.  
It requires the Commissioner of Human Services to adopt rules  
24 providing Medicaid services to dependent children ages 19 and  
20. These services are already provided by the department. It  
26 appropriates funds for the children's Medicaid coverage and funds  
for the elderly Medicaid prescription drug program. It adds 2  
28 children's advocates to the Medicaid Advisory Committee. It  
establishes the Tobacco Prevention and Control Program to provide  
30 an antismoking campaign specially targeted to youth through  
community-based education programs and increased law enforcement  
32 efforts against illegal transportation, distribution and sale of  
cigarettes and tobacco products. It establishes the Tobacco  
34 Prevention and Control Council to provide review and advice to  
the Department of Human Services, Bureau of Health in carrying  
36 out its duties under the Tobacco Prevention and Control Program  
and ensuring coordination of the program with other agencies. It  
38 appropriates \$10,000,000 per fiscal year to this campaign. It  
raises cigarette taxes 18.5 mills per cigarette, which translates  
40 into 37 cents per pack. It dedicates revenue and allocates funds  
for expenditures.