

FIRST REGULAR SESSION

# SENATE BILL NO. 553

95TH GENERAL ASSEMBLY

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INTRODUCED BY SENATOR CROWELL.

Read 1st time February 26, 2009, and ordered printed.

TERRY L. SPIELER, Secretary.

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## AN ACT

To repeal sections 103.003 and 103.079, RSMo, and to enact in lieu thereof five new sections relating to the reorganization of the state health care system, with an emergency clause.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Sections 103.003 and 103.079, RSMo, are repealed and five new  
2 sections enacted in lieu thereof, to be known as sections 103.003, 103.051,  
3 103.077, 103.078, and 103.079, to read as follows:

103.003. As used in sections 103.003 to 103.175, the following terms  
2 mean:

3 (1) "Actuarial reserves", the necessary funding required to pay all the  
4 medical expenses for services provided to members of the plan but for which the  
5 claims have not yet been received by the claims administrator;

6 (2) "Actuary", a member of the American Academy of Actuaries or who is  
7 an enrolled actuary under the Employee Retirement Income Security Act of 1974;

8 (3) "Agency", a [state-sponsored institution of higher learning,] political  
9 subdivision or governmental entity or instrumentality;

10 (4) "Alternative delivery health care program", a plan of covered benefits  
11 that pays medical expenses through an alternate mechanism rather than on a  
12 fee-for-service basis. This includes, but is not limited to, health maintenance  
13 organizations and preferred provider organizations, all of which shall include  
14 chiropractic physicians licensed under chapter 331, RSMo, in the provider  
15 networks or organizations;

16 (5) "Board", the board of trustees of the Missouri consolidated health care  
17 plan;

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

18           (6) "Claims administrator", an agency contracted to process medical claims  
19 submitted from providers or members of the plan and their dependents;

20           (7) "Coordination of benefits", to work with another group-sponsored  
21 health care plan which also covers a member of the plan to ensure that both  
22 plans pay their appropriate amount of the health care expenses incurred by the  
23 member;

24           (8) "Covered benefits", a schedule of covered services, including  
25 chiropractic services, which are payable under the plan;

26           (9) "Employee", any person employed full time by the state or a  
27 participating member agency, or a person eligible for coverage by a  
28 state-sponsored retirement system or a retirement system sponsored by a  
29 participating member agency of the plan;

30           (10) "Evidence of good health", medical information supplied by a  
31 potential member of the plan that is reviewed to determine the financial risk the  
32 person represents to the plan and the corresponding determination of whether or  
33 not he or she should be accepted into the plan;

34           (11) "Health care plan", any group medical benefit plan providing coverage  
35 on an expense-incurred basis, any HMO, any group service or indemnity contract  
36 issued by a health plan of any type or description;

37           (12) "Medical benefits coverages" shall include services provided by  
38 chiropractic physicians as well as physicians licensed under chapter 334, RSMo;

39           (13) "Medical expenses", costs for services performed by a provider and  
40 covered under the plan;

41           (14) "Missouri consolidated health care plan benefit fund account", the  
42 benefit trust fund account containing all payroll deductions, payments, and  
43 income from all sources for the plan;

44           (15) "Officer", an elected official of the state of Missouri;

45           (16) "Participating member agency", a [state-sponsored institution of  
46 higher learning,] political subdivision or governmental entity that has elected to  
47 join the plan and has been accepted by the board;

48           (17) "Plan year", a twelve-month period designated by the board which is  
49 used to calculate the annual rate categories and the appropriate coverage;

50           (18) "Provider", a physician, hospital, pharmacist, psychologist,  
51 chiropractic physician or other licensed practitioner who or which provides health  
52 care services within the respective scope of practice of such practitioner pursuant  
53 to state law and regulation;

54 (19) "Retiree", a person who is not an employee and is receiving or is  
55 entitled to receive an annuity benefit from a state-sponsored retirement system  
56 or a retirement system of a participating member agency of the plan or becomes  
57 eligible for retirement benefits because of service with a participating member  
58 agency.

103.051. 1. Beginning January 1, 2010, the board shall carry out  
2 all powers, duties, and functions previously performed by:

3 (1) The board of curators of the University of Missouri, relating  
4 to the furnishing of health insurance plans for employees of the  
5 university system and their dependents and retirees;

6 (2) The governing bodies of all state-supported colleges and  
7 universities, including Harris-Stowe State College, Missouri Southern  
8 State College, Missouri Western State College, Lincoln University, and  
9 Linn State Technical College, relating to the furnishing of health  
10 insurance plans for employees of the respective colleges and  
11 universities and their dependents and retirees; and

12 (3) The commissions of the departments of transportation and  
13 conservation, relating to the furnishing of health insurance plans for  
14 employees of the department and their dependents and retirees.

15 2. In addition to its other powers, duties, and functions, the  
16 board shall carry out the following objectives:

17 (1) Be the lead agency in coordinating and purchasing health  
18 care benefit plans for all state employees, dependents, and retirees and  
19 those recipients of programs provided in subsection 1 of this section,  
20 and study and recommend any additional functions needed to carry out  
21 the purposes of the plan including the number and qualifications of  
22 employees that the plan will require beginning with fiscal year 2011;

23 (2) Be authorized to appoint a health care work force policy  
24 advisory committee to oversee and coordinate work force planning  
25 activities;

26 (3) Be authorized to solicit and accept donations, grants,  
27 contributions, and gifts and receive, hold, and use grants, devises, and  
28 bequests of real, personal, and mixed property on behalf of the state to  
29 enable the plan to carry out its functions and purposes; and

30 (4) After July 1, 2010, the board shall investigate coordinating  
31 and purchasing health care benefit plans for employees of the public  
32 schools and community colleges, and all such employees' dependents

33 and investigate the lack of availability of health insurance coverage  
34 and the issues associated with the uninsured population of this  
35 state. The board is authorized to investigate the feasibility of creating  
36 and administering insurance programs for businesses and to propose  
37 cost-effective solutions to reducing the numbers of uninsured in this  
38 state.

39 3. After July 1, 2011, the board shall be the lead agency in  
40 coordinating and purchasing health care benefit plans for the  
41 employees and their dependents of the public schools and community  
42 colleges, whenever such entities opt to join the collective purchasing  
43 power of the plan.

44 4. Any appropriation made to an entity or program described  
45 under subsection 1 of this section prior to July 1, 2010, as such  
46 appropriation relates to the functions and duties transferred to the  
47 plan, shall be transferred to the board of trustees of the Missouri  
48 consolidated health care plan on January 1, 2010, for use by the plan.

103.077. 1. The Missouri Consolidated Health Information  
2 Exchange is hereby established and shall operate under the authority  
3 of the Missouri consolidated health care plan and in collaboration with  
4 the University of Missouri. The purposes of the exchange are to  
5 improve the quality of health care and reduce the cost of health care  
6 to all Missourians.

7 2. As used in sections 103.077 and 103.078, the following terms  
8 shall mean:

9 (1) "Electronic health network", a network that allows for secure  
10 exchange of needed information among authorized health care  
11 providers, third-party payors, and patients, with information being  
12 exchanged in real time when feasible;

13 (2) "Health care provider", has the same meaning as provided in  
14 section 334.021, RSMo, and includes optometrists licensed under  
15 chapter 336;

16 (3) "HIPAA", the federal Health Insurance Portability and  
17 Accountability Act of 1996;

18 (4) "Insurer", has the same meaning as provided in section  
19 376.960, RSMo; and

20 (5) "MCHIE", the Missouri Consolidated Health Information  
21 Exchange.

22           **3. The responsibilities of MCHIE include but are not limited to:**

23           **(1) Providing leadership in the redesign of the health care**  
24 **delivery system using information technology to ensure that all**  
25 **Missourians receive safe, effective, efficient, and quality health care;**

26           **(2) Serving as a forum for the exchange of ideas and consensus**  
27 **building regarding the advancement of health information technology**  
28 **and infrastructure, as well as health care applications;**

29           **(3) Conducting research to identify innovative health care**  
30 **applications using information technology and systems to improve**  
31 **patient care and reduce cost of care, including applications to support**  
32 **electronic disease management, wellness, and evidence-based medicine;**

33           **(4) Implementing pilot projects to determine the impact of**  
34 **various health care applications using information technology and**  
35 **systems on the quality of patient care and the cost of health care;**

36           **(5) Supporting the development of a network as a framework for**  
37 **the national health information infrastructure;**

38           **(6) Recommending policies and practices to ensure the security**  
39 **and confidentiality of health information;**

40           **(7) Seeking funding from federal and private foundations for**  
41 **research, pilot projects conducted by MCHIE, development of health**  
42 **information capacity, and any administrative and University of**  
43 **Missouri faculty expenses incurred by MCHIE; and**

44           **(8) Collaborating with federal agencies and seeking funding for**  
45 **the implementation of pilot projects that can serve as models for the**  
46 **national electronic health information infrastructure.**

47           **4. MCHIE may receive state appropriations, gifts, grants,**  
48 **revolving funds, fees for services, federal funds, and any other public**  
49 **and private funds.**

50           **5. MCHIE shall submit an annual report of its activities to the**  
51 **governor, the director of the department of health and senior services,**  
52 **the curators of the University of Missouri, and the committee on**  
53 **legislative research.**

          103.078. 1. The board of trustees of the Missouri consolidated  
2 health care plan shall appoint a committee entitled the Missouri  
3 Consolidated Health Information Exchange Committee. The committee  
4 shall be attached to the Missouri consolidated health care plan for  
5 administrative and technical support purposes.

6           2. The MCHIE committee shall consist of the following voting  
7 members:

8           (1) Chair, or a designee, of the Missouri consolidated health care  
9 plan, who shall serve as chair of the committee;

10          (2) Director, or a designee, of the department of health and  
11 senior services;

12          (3) Chief information officer, or a designee, of the University of  
13 Missouri; and

14          (4) Eight at-large members chosen by the board as follows:

15           (a) Two members engaged in the business of large-scale e-  
16 strategy and computer information technology;

17           (b) Two members from a list of four individuals recommended by  
18 the Missouri Hospital Association, one representing rural hospitals, and  
19 one representing urban hospitals;

20           (c) Two physicians actively engaged in the practice of medicine  
21 in Missouri from a list of four physicians recommended by the Missouri  
22 State Medical Association, or self-nominated;

23           (d) One member engaged in the business of health insurance who  
24 is employed by a company that has its headquarters in Missouri; and

25           (e) One member with experience as a physician practice  
26 manager.

27          3. The MCHIE committee shall consist of the following ex officio  
28 members who may vote, but shall not be counted toward a quorum:

29           (1) Two members of the senate, one from the majority party and  
30 one from the minority party, who are members of either the health,  
31 mental health, seniors and families, or the small business, insurance  
32 and industry committees appointed by the president pro tem of the  
33 senate; and

34           (2) Two members of the house of representatives, one from the  
35 majority party and one from the minority party, who are members of  
36 either the health care policy or the health care transformation  
37 committees appointed by the speaker of the house.

38          4. Members of the MCHIE committee shall serve a term of four  
39 years and may serve two consecutive terms.

40          5. At the end of a term, a member of the MCHIE committee shall  
41 continue to serve until a successor is appointed. A member who is  
42 appointed after a term has begun shall serve the rest of the term and

43 until a successor is appointed. A member of the committee who serves  
44 two consecutive full four year terms shall not be reappointed for four  
45 years after completion of those terms. Members designated in  
46 subdivisions (1) to (3) of subsection 2 of this section and members  
47 designated in subdivisions (1) and (2) of subsection 3 of this section  
48 shall serve on the committee only while holding their respective titles.

49 6. A majority of the full membership of the MCHIE committee  
50 shall constitute a quorum.

51 7. The MCHIE committee may employ staff or contract with  
52 consultants necessary for the performance of the duties of the  
53 committee, subject to the appropriation of funds;

54 8. No member of the MCHIE committee shall be subject to any  
55 personal liability or accountability for any loss sustained or damage  
56 suffered on account of any action or inaction of the committee.

57 9. Members of the MCHIE committee and all subcommittees, shall  
58 be entitled to reimbursement for actual and necessary expenses when  
59 carrying out official duties of the committee in accordance with state  
60 administrative regulations relating to travel reimbursements. The  
61 MCHIE committee shall meet at least monthly.

62 10. The MCHIE committee may appoint subcommittees with the  
63 charge of investigating and making recommendations to the MCHIE  
64 committee on specific aspects of the MCHIE, including, but not limited  
65 to, evidence-based clinical decision support, security of protected  
66 information, electronic data interchange, and clinical practice software  
67 packages, including the feasibility of developing a software purchasing  
68 alliance to decrease the cost of software and tax incentives to  
69 encourage members of the exchange to purchase software deemed by  
70 the board to meet the necessary standards.

71 11. The members of subcommittees appointed by the MCHIE  
72 committee do not need to be members of the MCHIE committee. The  
73 chairs of subcommittees shall be appointed by the MCHIE  
74 committee. The frequency of subcommittee meetings shall be  
75 established by the MCHIE committee.

76 12. The duties and responsibilities of the MCHIE committee shall  
77 be to implement and oversee the operation of a health information  
78 exchange in this state, to be known as the MCHIE.

79 13. The MCHIE committee shall:

80           (1) Appoint an advisory group that shall meet at least quarterly  
81 for the purpose of collaborating with health care providers and payors,  
82 computer technology companies, telecommunication companies, and  
83 other affected entities to ensure input into the implementation of the  
84 MCHIE;

85           (2) Review models for an electronic health network;

86           (3) If state funds are required for implementation of the model  
87 chosen, seek funding through the appropriations process;

88           (4) Oversee the implementation of the model chosen subject to  
89 the appropriation of funds. Oversight shall include the following:

90           (a) Developing any central interchange, including any central  
91 server and software;

92           (b) Developing the network of providers and payors who  
93 participate in MCHIE, which shall be on a voluntary basis;

94           (c) Making recommendations regarding the features and  
95 functions which shall be included in the distributed components of the  
96 exchange;

97           (d) Performing an outcomes assessment of the benefits achieved  
98 by MCHIE;

99           (e) Identify and adopt standards for all computer systems  
100 communicating with the MCHIE, including but not limited to:

101           a. The HIPAA standards for electronic transactions, or more  
102 stringent standards for content and networking as determined by the  
103 MCHIE committee;

104           b. Procedure and billing codes; and

105           c. Prevalent health care industry standards for software and  
106 networking that ensure that applications work on all types of computer  
107 systems and equipment;

108           (5) Establish procedures to ensure that MCHIE transactions are  
109 in compliance with HIPAA guidelines;

110           (6) Develop incentives for providers and payors to use the  
111 MCHIE;

112           (7) Identify options for, adopt, and implement approaches to  
113 various aspects of the MCHIE necessary for its creation and operation,  
114 including, but not limited to, technology architecture, governance and  
115 oversight, development and implementation plans, and other areas  
116 identified by the board relating to its charge; and



117           (8) Facilitate the development of private and public partnerships  
118 to build the MCHIE.

119           14. The board of trustees of the Missouri consolidated health  
120 care plan may enter into an agreement with the University of Missouri  
121 to develop comparative business models or implement any phase of the  
122 MCHIE, using private or federal funds received by the university for  
123 the purpose designated in the agreement.

124           15. In its fully implemented form, the MCHIE is envisioned to  
125 support or encourage the following types of electronic transactions or  
126 activities that would be phased in over time:

127           (1) Personal health records;

128           (2) Automatic drug interaction, allergy, and preventive medicine  
129 alerts;

130           (3) Electronic access to the results of laboratory, x-ray, or other  
131 diagnostic examinations;

132           (4) Disease management;

133           (5) Educational offerings for health care providers;

134           (6) Health alert system and other applications related to  
135 homeland security;

136           (7) Links to drug formularies and cost information;

137           (8) Links to evidence-based medical practice;

138           (9) Links to patient educational materials;

139           (10) Medical record information transfer to other providers with  
140 the patient's consent;

141           (11) Prescription drug tracking;

142           (12) A single-source insurance credentialing system for health  
143 care providers; and

144           (13) The following transactions covered by HIPAA:

145           (a) Electronic health care claims submission;

146           (b) Electronic payment;

147           (c) Coordination of benefits;

148           (d) Health care claim status;

149           (e) Enrollment and disenrollment in a health plan;

150           (f) Eligibility for a health plan;

151           (g) Health plan premium payments;

152           (h) Referral certification and authorization; and

153           (i) Health claims attachments.

154           **16. The Missouri consolidated health care plan shall establish**  
155 **and create a separate trust fund entitled the "MCHIE trust fund". The**  
156 **Missouri consolidated health care plan may solicit, apply for, and**  
157 **receive any state appropriations, gifts, grants, federal funds, any other**  
158 **public and private funds, property, or services from any person,**  
159 **governmental agency, or organization to carry out MCHIE's statutory**  
160 **responsibilities. Moneys deposited in the MCHIE fund shall be**  
161 **disbursed by the Missouri consolidated health care plan. This fund**  
162 **shall be used solely for purposes related to the MCHIE as approved by**  
163 **the board. The fund shall not lapse, and funds not expended during**  
164 **any fiscal year shall carry forward to the next fiscal year.**

103.079. The health care programs sponsored by the departments of  
2 transportation and conservation shall become a part of this plan only upon  
3 request to and acceptance by the board of trustees by the highways and  
4 transportation commission or the conservation commission and any such transfer  
5 into this plan shall be deemed reviewable by such department every three  
6 years. Such department may withdraw from the plan upon approval by such  
7 department's commission and by providing the board a minimum of six months'  
8 notice prior to the end of the then current plan year and termination of coverage  
9 will become effective at the end of the then current plan year. For any of the  
10 foregoing state agencies choosing to participate, the plan shall not assume  
11 responsibility for any liabilities incurred by the agency or its eligible employees,  
12 retirees, or dependents prior to its effective date. **The provisions of this**  
13 **section shall expire on January 1, 2010.**

Section B. Because of the need to promote the health care of state  
2 employees and of citizens of this state, section A of this act is deemed necessary  
3 for the immediate preservation of the public health, welfare, peace and safety,  
4 and is hereby declared to be an emergency act within the meaning of the  
5 constitution, and Section A of this act shall be in full force and effect upon its  
6 passage and approval.

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