

SECOND REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILLS NOS. 842,  
799 & 809**

95TH GENERAL ASSEMBLY

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Reported from the Committee on Small Business, Insurance and Industry, February 18, 2010, with recommendation that the Senate Committee Substitute do pass.

4653S.03C

TERRY L. SPIELER, Secretary.

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**AN ACT**

To repeal section 208.215, RSMo, and to enact in lieu thereof one new section relating to the MO HealthNet division's authority to collect from third-party payors.

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

Section A. Section 208.215, RSMo, is repealed and one new section  
2 enacted in lieu thereof, to be known as section 208.215, to read as follows:

208.215. 1. MO HealthNet is payer of last resort unless otherwise  
2 specified by law. When any person, corporation, institution, public agency or  
3 private agency is liable, either pursuant to contract or otherwise, to a participant  
4 receiving public assistance on account of personal injury to or disability or disease  
5 or benefits arising from a health insurance plan to which the participant may be  
6 entitled, payments made by the department of social services or MO HealthNet  
7 division shall be a debt due the state and recoverable from the liable party or  
8 participant for all payments made [in] **on** behalf of the participant and the debt  
9 due the state shall not exceed the payments made from MO HealthNet benefits  
10 provided under sections 208.151 to 208.158 and section 208.162 and section  
11 208.204 on behalf of the participant, minor or estate for payments on account of  
12 the injury, disease, or disability or benefits arising from a health insurance  
13 program to which the participant may be entitled. **Any health benefit plan as**  
14 **defined in section 376.1350, third party administrator, administrative**  
15 **service organization, and pharmacy benefits manager, shall process and**  
16 **pay all properly submitted medical assistance subrogation claims or**  
17 **MO HealthNet subrogation claims:**

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

18           **(1) For a period of three years from the date services were**  
19 **provided or rendered, regardless of any other timely filing requirement**  
20 **otherwise imposed by such entity, and the entity shall not deny such**  
21 **claims on the basis of the type or format of the claim form, failure to**  
22 **present proper documentation of coverage at the point of sale, or**  
23 **failure to obtain prior authorization; and**

24           **(2) If any action by the state to enforce its rights with respect to**  
25 **such claim is commenced within six years of the state's submission of**  
26 **such claim.**

27           2. The department of social services, MO HealthNet division, or its  
28 contractor may maintain an appropriate action to recover funds paid by the  
29 department of social services or MO HealthNet division or its contractor that are  
30 due under this section in the name of the state of Missouri against the person,  
31 corporation, institution, public agency, or private agency liable to the participant,  
32 minor or estate.

33           3. Any participant, minor, guardian, conservator, personal representative,  
34 estate, including persons entitled under section 537.080, RSMo, to bring an action  
35 for wrongful death who pursues legal rights against a person, corporation,  
36 institution, public agency, or private agency liable to that participant or minor  
37 for injuries, disease or disability or benefits arising from a health insurance plan  
38 to which the participant may be entitled as outlined in subsection 1 of this section  
39 shall upon actual knowledge that the department of social services or MO  
40 HealthNet division has paid MO HealthNet benefits as defined by this chapter  
41 promptly notify the MO HealthNet division as to the pursuit of such legal rights.

42           4. Every applicant or participant by application assigns his right to the  
43 department of social services or MO HealthNet division of any funds recovered  
44 or expected to be recovered to the extent provided for in this section. All  
45 applicants and participants, including a person authorized by the probate code,  
46 shall cooperate with the department of social services, MO HealthNet division in  
47 identifying and providing information to assist the state in pursuing any third  
48 party who may be liable to pay for care and services available under the state's  
49 plan for MO HealthNet benefits as provided in sections 208.151 to 208.159 and  
50 sections 208.162 and 208.204. All applicants and participants shall cooperate  
51 with the agency in obtaining third-party resources due to the applicant,  
52 participant, or child for whom assistance is claimed. Failure to cooperate without  
53 good cause as determined by the department of social services, MO HealthNet

54 division in accordance with federally prescribed standards shall render the  
55 applicant or participant ineligible for MO HealthNet benefits under sections  
56 208.151 to 208.159 and sections 208.162 and 208.204. A [recipient] **participant**  
57 who has notice or who has actual knowledge of the department's rights to  
58 third-party benefits who receives any third-party benefit or proceeds for a covered  
59 illness or injury is either required to pay the division within sixty days after  
60 receipt of settlement proceeds the full amount of the third-party benefits up to  
61 the total MO HealthNet benefits provided or to place the full amount of the  
62 third-party benefits in a trust account for the benefit of the division pending  
63 judicial or administrative determination of the division's right to third-party  
64 benefits.

65         5. Every person, corporation or partnership who acts for or on behalf of  
66 a person who is or was eligible for MO HealthNet benefits under sections 208.151  
67 to 208.159 and sections 208.162 and 208.204 for purposes of pursuing the  
68 applicant's or participant's claim which accrued as a result of a nonoccupational  
69 or nonwork-related incident or occurrence resulting in the payment of MO  
70 HealthNet benefits shall notify the MO HealthNet division upon agreeing to  
71 assist such person and further shall notify the MO HealthNet division of any  
72 institution of a proceeding, settlement or the results of the pursuit of the claim  
73 and give thirty days' notice before any judgment, award, or settlement may be  
74 satisfied in any action or any claim by the applicant or participant to recover  
75 damages for such injuries, disease, or disability, or benefits arising from a health  
76 insurance program to which the participant may be entitled.

77         6. Every participant, minor, guardian, conservator, personal  
78 representative, estate, including persons entitled under section 537.080, RSMo,  
79 to bring an action for wrongful death, or his attorney or legal representative shall  
80 promptly notify the MO HealthNet division of any recovery from a third party and  
81 shall immediately reimburse the department of social services, MO HealthNet  
82 division, or its contractor from the proceeds of any settlement, judgment, or other  
83 recovery in any action or claim initiated against any such third party. A  
84 judgment, award, or settlement in an action by a [recipient] **participant** to  
85 recover damages for injuries or other third-party benefits in which the division  
86 has an interest may not be satisfied without first giving the division notice and  
87 a reasonable opportunity to file and satisfy the claim or proceed with any action  
88 as otherwise permitted by law.

89         7. The department of social services, MO HealthNet division or its

90 contractor shall have a right to recover the amount of payments made to a  
91 provider under this chapter because of an injury, disease, or disability, or benefits  
92 arising from a health insurance plan to which the participant may be entitled for  
93 which a third party is or may be liable in contract, tort or otherwise under law  
94 or equity. Upon request by the MO HealthNet division, all third-party payers  
95 shall provide the MO HealthNet division with information contained in a 270/271  
96 Health Care Eligibility Benefits Inquiry and Response standard transaction  
97 mandated under the federal Health Insurance Portability and Accountability Act,  
98 except that third-party payers shall not include accident-only, specified disease,  
99 disability income, hospital indemnity, or other fixed indemnity insurance policies.

100         8. The department of social services or MO HealthNet division shall have  
101 a lien upon any moneys to be paid by any insurance company or similar business  
102 enterprise, person, corporation, institution, public agency or private agency in  
103 settlement or satisfaction of a judgment on any claim for injuries or disability or  
104 disease benefits arising from a health insurance program to which the participant  
105 may be entitled which resulted in medical expenses for which the department or  
106 MO HealthNet division made payment. This lien shall also be applicable to any  
107 moneys which may come into the possession of any attorney who is handling the  
108 claim for injuries, or disability or disease or benefits arising from a health  
109 insurance plan to which the participant may be entitled which resulted in  
110 payments made by the department or MO HealthNet division. In each case, a  
111 lien notice shall be served by certified mail or registered mail, upon the party or  
112 parties against whom the applicant or participant has a claim, demand or cause  
113 of action. The lien shall claim the charge and describe the interest the  
114 department or MO HealthNet division has in the claim, demand or cause of  
115 action. The lien shall attach to any verdict or judgment entered and to any  
116 money or property which may be recovered on account of such claim, demand,  
117 cause of action or suit from and after the time of the service of the notice.

118         9. On petition filed by the department, or by the participant, or by the  
119 defendant, the court, on written notice of all interested parties, may adjudicate  
120 the rights of the parties and enforce the charge. The court may approve the  
121 settlement of any claim, demand or cause of action either before or after a verdict,  
122 and nothing in this section shall be construed as requiring the actual trial or final  
123 adjudication of any claim, demand or cause of action upon which the department  
124 has charge. The court may determine what portion of the recovery shall be paid  
125 to the department against the recovery. In making this determination the court

126 shall conduct an evidentiary hearing and shall consider competent evidence  
127 pertaining to the following matters:

128 (1) The amount of the charge sought to be enforced against the recovery  
129 when expressed as a percentage of the gross amount of the recovery; the amount  
130 of the charge sought to be enforced against the recovery when expressed as a  
131 percentage of the amount obtained by subtracting from the gross amount of the  
132 recovery the total attorney's fees and other costs incurred by the participant  
133 incident to the recovery; and whether the department should, as a matter of  
134 fairness and equity, bear its proportionate share of the fees and costs incurred to  
135 generate the recovery from which the charge is sought to be satisfied;

136 (2) The amount, if any, of the attorney's fees and other costs incurred by  
137 the participant incident to the recovery and paid by the participant up to the time  
138 of recovery, and the amount of such fees and costs remaining unpaid at the time  
139 of recovery;

140 (3) The total hospital, doctor and other medical expenses incurred for care  
141 and treatment of the injury to the date of recovery therefor, the portion of such  
142 expenses theretofore paid by the participant, by insurance provided by the  
143 participant, and by the department, and the amount of such previously incurred  
144 expenses which remain unpaid at the time of recovery and by whom such  
145 incurred, unpaid expenses are to be paid;

146 (4) Whether the recovery represents less than substantially full  
147 recompense for the injury and the hospital, doctor and other medical expenses  
148 incurred to the date of recovery for the care and treatment of the injury, so that  
149 reduction of the charge sought to be enforced against the recovery would not  
150 likely result in a double recovery or unjust enrichment to the participant;

151 (5) The age of the participant and of persons dependent for support upon  
152 the participant, the nature and permanency of the participant's injuries as they  
153 affect not only the future employability and education of the participant but also  
154 the reasonably necessary and foreseeable future material, maintenance, medical  
155 rehabilitative and training needs of the participant, the cost of such reasonably  
156 necessary and foreseeable future needs, and the resources available to meet such  
157 needs and pay such costs;

158 (6) The realistic ability of the participant to repay in whole or in part the  
159 charge sought to be enforced against the recovery when judged in light of the  
160 factors enumerated above.

161 10. The burden of producing evidence sufficient to support the exercise by

162 the court of its discretion to reduce the amount of a proven charge sought to be  
163 enforced against the recovery shall rest with the party seeking such  
164 reduction. **The computerized records of the MO HealthNet division,**  
165 **certified by the director or his designee, shall be prima facie evidence**  
166 **of proof of moneys expended and the amount of the debt due the state.**

167 11. The court may reduce and apportion the department's or MO  
168 HealthNet division's lien proportionate to the recovery of the claimant. The court  
169 may consider the nature and extent of the injury, economic and noneconomic loss,  
170 settlement offers, comparative negligence as it applies to the case at hand,  
171 hospital costs, physician costs, and all other appropriate costs. The department  
172 or MO HealthNet division shall pay its pro rata share of the attorney's fees based  
173 on the department's or MO HealthNet division's lien as it compares to the total  
174 settlement agreed upon. This section shall not affect the priority of an attorney's  
175 lien under section 484.140, RSMo. The charges of the department or MO  
176 HealthNet division or contractor described in this section, however, shall take  
177 priority over all other liens and charges existing under the laws of the state of  
178 Missouri with the exception of the attorney's lien under such statute.

179 12. Whenever the department of social services or MO HealthNet division  
180 has a statutory charge under this section against a recovery for damages incurred  
181 by a participant because of its advancement of any assistance, such charge shall  
182 not be satisfied out of any recovery until the attorney's claim for fees is satisfied,  
183 **[irrespective] regardless** of whether **[or not]** an action based on participant's  
184 claim has been filed in court. Nothing herein shall prohibit the director from  
185 entering into a compromise agreement with any participant, after consideration  
186 of the factors in subsections 9 to 13 of this section.

187 13. This section shall be inapplicable to any claim, demand or cause of  
188 action arising under the workers' compensation act, chapter 287, RSMo. From  
189 funds recovered pursuant to this section the federal government shall be paid a  
190 portion thereof equal to the proportionate part originally provided by the federal  
191 government to pay for MO HealthNet benefits to the participant or minor  
192 involved. The department or MO HealthNet division shall enforce TEFRA liens,  
193 42 U.S.C. 1396p, as authorized by federal law and regulation on permanently  
194 institutionalized individuals. The department or MO HealthNet division shall  
195 have the right to enforce TEFRA liens, 42 U.S.C. 1396p, as authorized by federal  
196 law and regulation on all other institutionalized individuals. For the purposes  
197 of this subsection, "permanently institutionalized individuals" includes those

198 people who the department or MO HealthNet division determines cannot  
199 reasonably be expected to be discharged and return home, and "property" includes  
200 the homestead and all other personal and real property in which the participant  
201 has sole legal interest or a legal interest based upon co-ownership of the property  
202 which is the result of a transfer of property for less than the fair market value  
203 within thirty months prior to the participant's entering the nursing facility. The  
204 following provisions shall apply to such liens:

205 (1) The lien shall be for the debt due the state for MO HealthNet benefits  
206 paid or to be paid on behalf of a participant. The amount of the lien shall be for  
207 the full amount due the state at the time the lien is enforced;

208 (2) The MO HealthNet division shall file for record, with the recorder of  
209 deeds of the county in which any real property of the participant is situated, a  
210 written notice of the lien. The notice of lien shall contain the name of the  
211 participant and a description of the real estate. The recorder shall note the time  
212 of receiving such notice, and shall record and index the notice of lien in the same  
213 manner as deeds of real estate are required to be recorded and indexed. The  
214 director or the director's designee may release or discharge all or part of the lien  
215 and notice of the release shall also be filed with the recorder. The department  
216 of social services, MO HealthNet division, shall provide payment to the recorder  
217 of deeds the fees set for similar filings in connection with the filing of a lien and  
218 any other necessary documents;

219 (3) No such lien may be imposed against the property of any individual  
220 prior to the individual's death on account of MO HealthNet benefits paid except:

221 (a) In the case of the real property of an individual:

222 a. Who is an inpatient in a nursing facility, intermediate care facility for  
223 the mentally retarded, or other medical institution, if such individual is required,  
224 as a condition of receiving services in such institution, to spend for costs of  
225 medical care all but a minimal amount of his or her income required for personal  
226 needs; and

227 b. With respect to whom the director of the MO HealthNet division or the  
228 director's designee determines, after notice and opportunity for hearing, that he  
229 cannot reasonably be expected to be discharged from the medical institution and  
230 to return home. The hearing, if requested, shall proceed under the provisions of  
231 chapter 536, RSMo, before a hearing officer designated by the director of the MO  
232 HealthNet division; or

233 (b) Pursuant to the judgment of a court on account of benefits incorrectly

234 paid on behalf of such individual;

235 (4) No lien may be imposed under paragraph (b) of subdivision (3) of this  
236 subsection on such individual's home if one or more of the following persons is  
237 lawfully residing in such home:

238 (a) The spouse of such individual;

239 (b) Such individual's child who is under twenty-one years of age, or is  
240 blind or permanently and totally disabled; or

241 (c) A sibling of such individual who has an equity interest in such home  
242 and who was residing in such individual's home for a period of at least one year  
243 immediately before the date of the individual's admission to the medical  
244 institution;

245 (5) Any lien imposed with respect to an individual pursuant to  
246 subparagraph b of paragraph (a) of subdivision (3) of this subsection shall  
247 dissolve upon that individual's discharge from the medical institution and return  
248 home.

249 14. The debt due the state provided by this section is subordinate to the  
250 lien provided by section 484.130, RSMo, or section 484.140, RSMo, relating to an  
251 attorney's lien and to the participant's expenses of the claim against the third  
252 party.

253 15. Application for and acceptance of MO HealthNet benefits under this  
254 chapter shall constitute an assignment to the department of social services or MO  
255 HealthNet division of any rights to support for the purpose of medical care as  
256 determined by a court or administrative order and of any other rights to payment  
257 for medical care.

258 16. All participants receiving benefits as defined in this chapter shall  
259 cooperate with the state by reporting to the family support division or the MO  
260 HealthNet division, within thirty days, any occurrences where an injury to their  
261 persons or to a member of a household who receives MO HealthNet benefits is  
262 sustained, on such form or forms as provided by the family support division or  
263 MO HealthNet division.

264 17. If a person fails to comply with the provision of any judicial or  
265 administrative decree or temporary order requiring that person to maintain  
266 medical insurance on or be responsible for medical expenses for a dependent  
267 child, spouse, or ex-spouse, in addition to other remedies available, that person  
268 shall be liable to the state for the entire cost of the medical care provided  
269 pursuant to eligibility under any public assistance program on behalf of that



270 dependent child, spouse, or ex-spouse during the period for which the required  
271 medical care was provided. Where a duty of support exists and no judicial or  
272 administrative decree or temporary order for support has been entered, the  
273 person owing the duty of support shall be liable to the state for the entire cost of  
274 the medical care provided on behalf of the dependent child or spouse to whom the  
275 duty of support is owed.

276           18. The department director or the director's designee may compromise,  
277 settle or waive any such claim in whole or in part in the interest of the MO  
278 HealthNet program. Notwithstanding any provision in this section to the  
279 contrary, the department of social services, MO HealthNet division is not required  
280 to seek reimbursement from a liable third party on claims for which the amount  
281 it reasonably expects to recover will be less than the cost of recovery or for which  
282 recovery efforts will not be cost-effective. Cost-effectiveness is determined based  
283 on the following:

- 284           (1) Actual and legal issues of liability as may exist between the [recipient]  
285 **participant** and the liable party;
- 286           (2) Total funds available for settlement; and
- 287           (3) An estimate of the cost to the division of pursuing its claim.

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