SECOND REGULAR SESSION

SENATE BILL NO. 722

95TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR BRAY.

Pre-filed December 29, 2009, and ordered printed.

TERRY L. SPIELER, Secretary.

4172S.01I

AN ACT

To amend chapter 354, RSMo, by adding thereto twenty-two new sections relating to the Missouri universal health assurance program, with a contingent effective date for certain sections.

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

Section A. Chapter 354, RSMo, is amended by adding thereto twenty-two new sections, to be known as sections 354.750, 354.753, 354.756, 354.759, 354.762, 354.765, 354.768, 354.769, 354.770, 354.771, 354.774, 354.777, 354.780, 4354.783, 354.786, 354.789, 354.792, 354.795, 354.804, 354.807, 354.810, and 5354.813, to read as follows:

354.750. 1. Sections 354.750 to 354.813 shall be known and may 2 be cited as the "Missouri Universal Health Assurance Program".

2. The Missouri universal health assurance program is hereby 4 created for the purpose of providing a single publicly financed 5 statewide program to provide comprehensive necessary health, mental 6 health, and dental health care services, including preventive 7 screenings, for all residents of this state. This program shall have as 8 its goals:

9 (1) Timely access to health services of the highest quality for 10 every resident of the state so that all may benefit;

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(2) The provision of adequate funding for health care;

12 (3) Lower health care spending through streamlined
13 administration, a single bill, and uniform payments.

143. As used in sections 354.750 to 354.813, the following terms15mean:

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(1) "Board", the board of governors of the Missouri universal

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17 health assurance program;

18 (2) "Eligible person", any person who qualifies for benefits under
19 section 354.783;

20 (3) "Fund", the Missouri health care trust fund;

(4) "Participating provider", any person who is authorized to
furnish services under the provisions of sections 354.750 to 354.813 and
under rules adopted by the board of governors of the Missouri
universal health assurance program;

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(5) "Program", the Missouri universal health assurance program.
 354.753. The Missouri universal health assurance program shall
 be a body corporate and an instrumentality of the state. In the

program shall be vested the powers and duties specified in sections
354.750 to 354.813 and to enable it, its officers, employees, and agents
to carry out the purposes of sections 354.750 to 354.813.

354.756. 1. The director of the department of health and senior 2 services shall divide the population of the state into six regional health 3 planning and policy development districts of roughly equal population. 4 An advisory council in each district shall:

5 (1) Assist the board in the development of a comprehensive state 6 health care plan under section 354.765 and in the development of 7 budgetary allocations for health care services and of operating policies 8 and procedures for the program;

9 (2) Develop a transportation plan to enable indigents, elderly
10 persons, and persons with disabilities to have access to nonemergency
11 health care services.

2. Not later than thirty days after the first meeting of the board of governors appointed under section 354.759, the board shall submit to the governor a list of names of qualified persons who reside in each of the six regional health planning and policy development districts. From such list the governor shall appoint to each district, an advisory council composed of the following nine members:

- 18 (1) Two physicians;
- 19 (2) One registered nurse;
- 20 (3) One licensed health care provider who is neither a physician
 21 nor a registered nurse;
- 22 (4) One doctor of dentistry;
- 23 (5) One medical director of a mental health facility;

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24(6) One municipal or county public health administrator;

25(7) One person with a physical disability; and

26(8) One professional consumer advocate.

3. The terms of the initial appointees to each of the district 27councils shall be as follows: four shall be appointed for a term of four 28years, three for a term of three years, and two for a term of two 29years. Thereafter all terms shall be for four years, but any member 30 appointed to fill a vacancy in an unexpired term shall serve only for 31 32the remainder of that term. No member may be appointed to serve more than two consecutive terms. 33

354.759. 1. The Missouri universal health assurance program shall be administered by a board of governors composed of twenty-2three members: 3

(1) Fourteen of whom shall be appointed by the governor with 4 the advice and consent of the senate as follows: 5

(a) One representative of a hospital;

- 7 (b) Two physicians;
- 8 (c) One registered nurse;

9 (d) One epidemiologist;

10 (e) One representative of a community health center;

11 (f) One mental health care provider;

- 12(g) One professional consumer advocate;
- 13(h) Two persons whose annual income does not exceed twice the 14
- federal poverty level;
- (i) One person sixty-five years of age or older; 15
- 16(j) One member who is a licensed health care professional other

17than a physician or a nurse; /

- (k) One person trained in bioethics; and 18
- (l) One doctor of dentistry; 19

20(2) Six of whom shall represent the regional health planning and policy development districts established under section 354.756, one 21such member to be selected by each of the district advisory councils; 2223and

- 24(3) Three of whom shall be the following ex officio members:
- 25(a) The director of the department of health and senior services;
- (b) The director of the department of social services; and 26
- 27(c) The director of the department of mental health.

282. The terms of the initial members who are appointed under 29subdivision (1) of subsection 1 of this section shall be staggered as 30 follows: five shall be appointed for a term of four years, five for a term of three years, and four for a term of two years. The initial terms of the 31members selected under subdivision (2) of subsection 1 of this section 32shall be staggered so that the members selected from even-numbered 33 districts shall serve an initial term of three years and those from odd-34numbered districts shall serve four years. Thereafter all terms shall be 35for a term of four years each, but a member appointed to fill a vacancy 36 in an unexpired term shall serve only for the remainder of that term. 3738No member may be appointed to serve more than two consecutive 39 terms.

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3. Members of the board shall at all times include:

(1) Sufficient representatives of racial, ethnic, and gender
diversity so that the makeup of the board shall accurately reflect the
racial, ethnic, and gender diversity of the state population;

44 (2) At least two members who are defined as disabled under the
45 Americans with Disabilities Act, P.L. 101-336.

46 4. The board shall elect a chairperson and vice chairperson.

5. Meetings shall be called by the chairperson or by any thirteen members. The board shall meet at least six times per year. All meetings of the board shall be announced in advance and open to the public, except as provided by chapter 610.

51 6. Thirteen members of the board constitute a quorum, and 52 affirmative vote of thirteen members shall be necessary for any action 53 to be taken by the board.

54 7. The members of the board shall be reimbursed from the 55 Missouri health care trust fund for mileage and their necessary and 56 actual expenses incurred while engaged in the business of the board.

354.762. 1. The board of governors of the Missouri universal 2 health assurance program shall be responsible for:

3 (1) Establishing budget and policy guidelines for the program
4 through the development of a comprehensive state health care plan
5 under section 354.765;

6 (2) Establishing fee schedules using the last available calendar
7 year as a base year;

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(3) Determining aggregate capital expenditures in keeping with

9 the goals established under subdivision (2) of subsection 1 of section
10 354.765;

11 (4) Approving additions to services offered by the program;

(5) Administering and implementing the program, and
administering the Missouri universal health care trust fund created
under section 354.770;

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(6) Adopting rules under chapter 536;

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(7) Monitoring the operation of the program;

17 (8) Studying means of incorporating institutional long-term care 18 benefits into the program, studying immigration into the state for the 19 purpose of receiving health care services under the program, and 20 reporting on the progress of such studies to the speaker of the house 21 of representatives, the president pro tempore of the senate, and the 22 governor;

(9) Reporting annually to the speaker of the house of
representatives, the president pro tempore of the senate, and the
governor on the program's activities and recommend any changes in
insurance and health care laws to improve access to health care for
residents of this state;

(10) Disseminating, to providers of services and to the public,
information concerning the program and the persons eligible to receive
the benefits of the program;

(11) Conducting necessary investigations and inquiries and
compelling the submission of information, documents, and records the
board considers necessary to carry out its duties under the provisions
of sections 354.750 to 354.813;

(12) Conducting utilization review of patients and providers to
 identify abuses of the program and reporting abuses to state agencies;

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(13) Employing and supervising staff;

38 (14) Conducting other activities it considers necessary to carry
39 out the purposes of sections 354.750 to 354.813;

40 (15) Establishing standards and procedures for negotiating and
41 entering into contracts with participating providers; and

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(16) Suing and being sued.

2. The board, after providing notice to consumers, providers, the
 director of the department of health and senior services and other
 interested parties, may hold hearings in connection with any action

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46 that it proposes to take under subsection 1 of this section. Nothing in 47 this section shall be construed as authorizing the board to adopt rules 48 under subdivision (6) or (15) of subsection 1 of this section, or to 49 conduct evaluations or investigations under subdivision (11) of 50 subsection 1 of this section without holding public hearings.

354.765. 1. The board, in cooperation with the district advisory councils established under section 354.756, shall develop annually a comprehensive state health care plan. The plan shall include the following:

5 (1) A comprehensive budget for the program within the limits of 6 funds made available through the measures instituted in sections 7 354.750 to 354.813. The budget shall include specific amounts to be 8 allocated respectively to:

9 (a) The health services account established under section 10 354.774;

(b) The prescribed medications, durable, and nondurable medical
equipment account established under section 354.774;

13 (c) The regional capitol improvement account established under
14 section 354.774;

15 (d) The health professional education and training fund
16 established under section 354.777; and

(e) Administration of the program in an amount not to exceedfour percent of the total funds available to the program;

(2) Specific goals for the total portion of funds in the health
services account to be expended for the capital needs of providers
under section 354.792;

(3) An evaluation of the health care and mental health needs of
each regional health care planning and policy development district and
of the state which shall include, but not be limited to, assessments of:

25 (a) Regional needs and other investments in health care 26 equipment and capital improvements;

(b) The effectiveness of state and local efforts to coordinate theactivities of the health care delivery system; and

29 (c) Any other unmet local health care or mental health needs;

30 (4) Goals for geographic distribution of health care providers 31 and personnel with strategies for using the authority over 32 reimbursements under section 354.792 and resources from the health professional education and training fund established in section 354.777
to achieve these goals;

35 (5) Quantitative goals for the use of health and mental health
 36 services by eligible persons;

(6) Specific goals for the physical and mental health status of
Missourians and for quality of care rendered under the program;

(7) An evaluation of the adequacy of total funds available to theprogram; and

(8) Any recommendation made by the board or staff of the
program to the general assembly for increases in the health premium
shall:

(a) Limit, except in emergency situations, growth in total state
health care expenditures to no more than two percent above the total
percentage increase in the state's gross domestic product for the
previous year;

48(b) Exercise prescription drug cost containment by using the purchasing power of the state to obtain the lowest possible prices for 49 50prescription drugs, and by implementing a Most Favored Nation policy on reimbursement so that Missouri will not pay more for prescription 5152drugs than does the United States Department of Veteran Affairs, and 53by establishing an evidence based system formulary for all prescription drugs, and by making discounted prices available to all Missouri 54residents, health care providers, wholesalers, and retailers of these 55products for use in the Missouri health care system. 56

57 2. Prior to promulgation of the comprehensive state health plan 58 the board shall:

(1) Appoint a subcommittee of experts in medical and health care
ethics to advise the board on the ethical issues relating to the
allocation of health care resources;

62 (2) Appoint a subcommittee of licensed physicians, registered 63 nurses, and registered pharmacists to establish an evidence based 64 system formulary for all prescription drugs and durable and 65 nondurable medical equipment used by the Missouri health care 66 system;

(3) Instruct each district advisory council to conduct at least one
public hearing in at least two areas of its region to gather public
comment on the proposed plan. The board shall provide the district

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70advisory councils with staff assistance in the development of such 71hearings; and 72(4) Hold at least two public hearings to gather public comment on the proposed plan. 73743. The comprehensive state health plan shall, to the extent 75practical, seek to assure the most cost-effective delivery of health care by reflecting the following priorities: 7677(1) Quality of care to be achieved through the following: 78(a) Primary and preventive services; 79 (b) Accountability of providers to payers and consumers for both the outcomes and consumer acceptability of the care they render; 80 (c) Continuity of care, as embodied in coordination of services 81 to individuals and the community; and 8283 (d) Maintain high levels of professional competence and 84 expertise among health care providers according to professional practice standards; 85 86 (2) Access to care through the equitable distribution of resources 87 within the health care delivery system on the basis of community need; 88 (3) Efficient use of resources through: 89 (a) Elimination of unnecessary administrative and overhead 90 expense; 91 (b) Elimination of means testing; 92(c) Establishment of cost containment pricing for 93 reimbursements to manufacturers of pharmaceuticals and manufacturers of durable and nondurable medical equipment; and 94 (d) Innovative and cost-effective modes of care, including, but 9596 not limited to:

a. Community, nonmedical or in-home services that provide
alternatives to institutional long-term care;

99 b. Community health nursing;

100 c. Services provided by nurse practitioners; and

d. Psychiatric and other mental health services provided on an
 outpatient basis.

354.768. The board of governors of the Missouri universal health

assurance program shall appoint the executive director of the program.
 354.769. 1. The executive director shall serve as secretary to the

2 board and shall perform such duties in the administration of the plan

3 as the board may assign.

2. The board may delegate to the executive director any of its
5 functions or duties under sections 354.750 to 354.813 except the
6 issuance of rules and the determination of the program.

354.770. The board shall establish and administer the "Missouri Health Care Trust Fund", in which shall be placed all federal payments $\mathbf{2}$ received as a result of any waiver of requirements granted by the 3 United States Secretary of Health and Human Services under health 4 care programs established under Title XVIII and Title XIX of the Social $\mathbf{5}$ Security Act, as amended, all moneys collected under sections 354.798 6 7to 354.804, and all moneys appropriated by the general assembly to the program under sections 354.750 to 354.813. Except as otherwise 8 provided in sections 354.798 to 354.804, moneys in the fund shall be 9 10 used for comprehensive necessary health care services, and to support construction, renovation, equipping of health care institutions based on 11 12regional needs in accordance with sections 354.750 to 354.813 and rules established by the board of governors of the program and for no other 1314purpose. The board shall have power, in the name and on behalf of the 15program, to purchase, acquire, hold, invest, lend, lease, sell, assign, 16 transfer, and dispose of all property, rights, and securities, and enter 17into written contracts, all as may be necessary or proper to carry out the purposes of sections 354.750 to 354.813. 18

354.771. 1. All money received by or belonging to the program shall be paid to the executive director and deposited by the executive 2director to the credit of the plan in one or more banks or trust 3 companies. No such money shall be deposited in or be retained by any 4 5bank or trust company which does not have on deposit with and for the board at the time the kind and value of collateral required by sections 6 30.240 and 30.270 for depositories of the state treasurer. The executive 7 director shall be responsible for all funds, securities, and property 8 belonging to the program and shall give such corporate surety bond for 9 the faithful handling of the same as the board shall require. 10

11 2. Revenues held in the trust fund are not subject to 12 appropriation or allotment by the state or any political subdivision of 13 the state.

3. The board of governors shall administer the fund and shall
conduct a quarterly review of the expenditures from and revenues

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16 received by the fund.

4. The board shall submit each quarterly review to the stateauditor for oversight.

19 5. The board may invest funds of the program as permitted by20 law.

6. The amount of reserves in the fund at any time shall equal at least the amount of expenditures from the fund during the entire three preceding months.

354.774. 1. The "Health Services Account" is hereby created 2 within the Missouri health care trust fund. Moneys in the health 3 services account shall be used solely to pay participating providers in 4 accordance with section 354.792.

5 2. The "Prescribed Medications, Durable and Nondurable Medical 6 Equipment Account" is hereby created within the Missouri health care 7 trust fund. Moneys in the account shall be used solely for medications 8 and durable and nondurable medical equipment prescribed by 9 participating physicians in accordance with section 354.792.

3. The "Regional Capitol Improvement Account" is hereby created
 within the Missouri health care trust fund. Moneys in the account shall
 be used solely to pay for medical technology and capitol improvements
 needed in regions to improve access to health care resources in
 accordance with section 354.792.

354.777. 1. There is hereby created within the state treasury the 2 "Health Professional Education and Training Fund" which shall consist of all moneys received from federal health professional training moneys 3 and any other funds so allocated by the board under section 4 354.765. Upon appropriation by the general assembly, moneys in the 5 health professional education and training fund shall be used by the 6 board solely to pay for the education and training of health 7 professionals, such loan to be forgiven if work in field of training is 8 performed in underserved areas of the state for a length of time 9 commensurate with the length of time spent in health profession 10 education and training. 11

12 2. During the five-year period commencing on January first 13 following the effective date of this section, the annual amount of state 14 expenditures for the education and training of health professionals 15 shall not be reduced below the level of such expenditures in the 16 previous calendar year.

354.780. Notwithstanding the provisions of section 33.080 to the contrary, the moneys in the health care trust fund at the end of any biennium shall not be transferred and placed to the credit of the general revenue fund.

354.783. 1. Every person regardless of preexisting conditions who is a resident of this state is eligible to receive services under the Missouri universal health assurance program. No person eligible for services under the Missouri universal health assurance program who receives services from a participating provider shall be charged an additional amount for such services.

2. Persons who are not residents of this state but who work in
Missouri and pay the health assurance premium may receive services
for himself or herself and his or her dependents under the Missouri
universal health assurance program.

3. If a person who is not a resident of the state of Missouri and is not eligible for benefits under subsection 2 of this section receives medical treatment in Missouri, such person is subordinated to the state of Missouri for reimbursement from a third-party payor for such medical treatment.

354.786. 1. Every person who is eligible to receive services under the program under section 354.783 is entitled to receive benefits for any covered service furnished within this state by a participating provider, if the service is deemed by the patient and participating provider to be necessary or appropriate for the maintenance of physical and mental health or for the diagnosis or treatment of, or rehabilitation following, injury, disability, or disease.

8 2. Health care services include, but are not limited to, all 9 services provided under section 208.152 and those community, 10 nonmedical, or in-home services that provide an alternative to 11 institutional long-term care, except:

12 (1) Surgery for cosmetic purposes other than for reconstructive13 surgery;

14 (2) Medical examinations conducted and medical reports
 15 prepared for either of the following purposes:

16 (a) Purchasing or renewing life insurance; or

17 (b) Participating as a plaintiff or defendant in a civil action for

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18 the recovery or settlement of damages;

(3) Custodial care rendered in a nursing home. As used in this
subdivision "custodial care" means nonmedical services provided in a
residential care facility as such term is defined in section 198.006.

354.789. 1. No participating provider shall refuse to furnish 2 services to an eligible person on the basis of race, color, income level, 3 national origin, religion, sex, sexual orientation, or other nonmedical 4 criteria.

2. An eligible person may choose any participating provider.

6 3. Every participating provider shall furnish such information 7 as may be reasonably required by the board of governors of the plan for 8 utilization review, for the making of payments, and for statistical or 9 other studies of the operation of the program.

4. Every participating provider shall permit the board of
governors to examine the provider's records as may be necessary for
verification of payment.

5. Physicians and other participating providers must practice
according to state and federal laws and according to their accepted
professional standards.

6. The Missouri universal health assurance program shall reimburse health care providers that are located outside this state at reasonable rates for care rendered to Missouri eligible persons who require emergency medical care.

354.792. 1. The Missouri universal health assurance program shall pay the expenses of institutional providers of inpatient services on the basis of global budgets that are approved by the board of governors of the program. Such global budget shall include necessary construction, renovation, or equipment so long as the board has determined that such construction, renovation, or equipment will directly enhance public access to quality health care.

8 2. Each institutional provider shall negotiate an annual budget 9 with the program to cover its anticipated services for the next year 10 based on past performance and projected changes in factor prices and 11 services levels, and provide a reasonable margin above operating 12 expenses in order to provide for capital depreciation and other long-13 term needs of the institution.

14 3. Every physician or other provider employed by a globally

budgeted institutional provider shall be paid through and in a manner
determined by the institutional provider.

174. The program shall reimburse independent providers of health care services on a fee-for-service basis, using the federal Medicare 18 reimbursement fees as a guideline. The program shall annually 19 negotiate the fee schedule with the appropriate professional 20group. The fee schedule shall be applied to health care services 21rendered by independent providers throughout the state. The 22appropriate professional group to negotiate the fee schedule shall be 23the professional association chosen by election of members of each 24health care profession. 25

5. A provider shall not charge rates that are higher than the negotiated reimbursement level and shall not charge separately for services under section 354.786.

6. In any instance in which the health care provider or the professional group negotiating for the provider is unable to negotiate an annual budget or a fee schedule with the program, the annual budget or the fee schedule set by the board shall be presumed to be correct and a final administrative decision, which may be appealed in the circuit court of Cole County.

7. Policies and rules of institutional providers must be consistent
 with state and federal laws and with accepted medical and professional
 nursing standards.

354.795. Insurers, employers, and other plans may offer benefits 2 that do not duplicate services that are offered by the Missouri 3 universal health assurance program.

354.804. 1. For all tax years beginning on or after January first of the year following the receipt of notice by the revisor of statutes that the waivers requested under section 354.807 have been received, in addition to the state income tax imposed under chapter 143, there is hereby imposed a health assurance tax on all Missouri taxable income of resident individuals, as defined in chapter 143, that exceeds five thousand dollars. Such individual health assurance tax shall be imposed at the following rate:

9 (1) For a taxable income of five thousand one dollars to twenty-10 five thousand dollars, one percent;

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(2) For a taxable income of twenty-five thousand one dollars to

12 seventy-five thousand dollars, two percent;

13 (3) For a taxable income of seventy-five thousand one dollars to
14 two hundred fifty thousand dollars, three percent;

15 (4) For a taxable income of two hundred fifty-one dollars to five
16 hundred thousand dollars, four percent; and

17 (5) For a taxable income of over five hundred thousand dollars,18 five percent.

19 2. The health assurance tax imposed under this section shall be 20withheld in the same manner and at the same times as resident individual income tax is withheld under sections 143.191 to 143.265, and 21shall be deposited in the Missouri health care trust fund established 22under section 354.771. All applicable provisions relating to withholding 23shall apply to the health assurance tax imposed by this section. Any 24amounts withheld under this section that exceed the withholding 2526percentages under this section shall be refunded to the taxpayer. The director of revenue shall instruct the board of governors of the 2728Missouri universal health assurance program to refund such amounts 29from the Missouri health care trust fund.

303. The director of the department of revenue shall provide forms 31and shall promulgate rules necessary to implement the provisions of 32this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this 33 34section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, and, if applicable, section 35536.028. This section and chapter 536 are nonseverable and if any of 36 the powers vested with the general assembly pursuant to chapter 536, 3738to review, to delay the effective date, or to disapprove and annul a rule 39are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after the effective date of 40this section shall be invalid and void. 41

42 4. If a federal universal health program is implemented, the 43 Missouri health assurance tax shall be decreased accordingly to 44 maintain the Missouri health care trust fund at a level at which current 45 services not included in the federal program shall continue and shall 46 be compensated by the health care trust fund.

354.807. Not later than thirty days after the effective date of this 2 section, the department of social services shall do both of the following: 3 (1) Apply to the United States Secretary of Health and Human 4 Services for all waivers of requirement under health care programs 5 established under Title XVIII and Title XIX of the Social Security Act, 6 as amended, that are necessary to enable this state to deposit all 7 federal payments under such programs to the credit of the Missouri 8 health care trust fund created in section 354.771;

9 (2) Identify any other federal programs that provide federal 10 funds for payment of health care services to individuals. The 11 department shall comply with any requirements under those programs 12 and apply for any waivers of those requirements that are necessary to 13 enable this state to deposit such federal funds to the credit of the 14 Missouri health care trust fund.

354.810. Not later than thirty days after the effective date of this 2 section, the governor shall make the initial appointments to the board 3 of governors of the Missouri universal health assurance program under 4 section 354.759.

354.813. The board of governors of the Missouri universal health assurance program shall request that the program established under the provisions of sections 354.750 to 354.813 be approved for federal employees and retirees while they are residents of the state of Missouri.

Section B. Sections 354.750 to 354.795 of section A of this act shall be effective April first of the year following the notice to the revisor of statutes that a waiver has been obtained from the Secretary of the Department of Health and Human Services by the director of the department of social services based on a request filed under section 354.807 of this act.

