

FIRST REGULAR SESSION

# SENATE BILL NO. 44

96TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR WRIGHT-JONES.

Pre-filed December 1, 2010, and ordered printed.

TERRY L. SPIELER, Secretary.

0087S.01I

## AN ACT

To amend chapter 376, RSMo, by adding thereto two new sections relating to the promotion of the efficient use of health care revenues by requiring health carriers to expend a certain percentage of their total annual revenues on health services, with penalty provisions.

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

Section A. Chapter 376, RSMo, is amended by adding thereto two new sections, to be known as sections 376.1407 and 376.1409, to read as follows:

**376.1407. For purposes of sections 376.1407 and 376.1409, the following terms shall have the following meanings:**

(1) "Care share", the percentage obtained by dividing total health expenditures by total revenue for a calendar year;

(2) "Missouri-associated health expenditures", that proportion of total health expenditures paid for the delivery of health care services rendered to enrollees pursuant to a health benefit plan sold in the state of Missouri by the health carrier;

(3) "Missouri-associated revenue", Missouri premiums plus a proportion of total revenues less total premiums, where said proportion equals Missouri premiums divided by total premiums;

(4) "Missouri care share", the percentage obtained by dividing Missouri-associated health expenditures by Missouri-associated revenue for a calendar year;

(5) "Missouri premiums", all revenue derived from the sale in Missouri of health benefit plans for health care services;

(6) "Total health expenditures", all expenditures by or on behalf of a health carrier for the purchase of health care services or to reimburse an insured or enrollee for the purchase of health care

20 services, including health care providers and other professional health  
21 services, hospital and other health facility services, pharmacy services,  
22 health education, and capital expenditures for the construction or  
23 rehabilitation of medical facilities for the delivery of health care;

24 (7) "Total premiums", all revenue derived from the sale within  
25 or outside the state of Missouri of health benefit plans for coverage for  
26 health care services;

27 (8) "Total revenues", all income and revenues, however derived,  
28 including, but not limited to, revenues derived from premium sales,  
29 interest, dividends, and other investments, but excluding only income  
30 in the form of compensation for administrative services pursuant to a  
31 contract or other arrangement for rendering administrative services  
32 only to self-funded health plans that are not owned or controlled by the  
33 health carrier.

376.1409. 1. Each health carrier, as that term is defined in  
2 section 376.1350, authorized to issue or deliver within the state of  
3 Missouri any health benefit plan described in section 376.1350 shall  
4 expend the following percentage of its Missouri-associated revenue as  
5 its Missouri care share, as defined herein, for the purpose of providing  
6 health care services to persons insured under such plans:

7 (1) The Missouri care share for a health carrier with fifty  
8 thousand or more persons insured for health coverage sold in the state  
9 of Missouri and that has been doing business in the state for more than  
10 one year shall be no less than ninety percent of its Missouri-associated  
11 revenue, and non-health expenditures shall not exceed ten percent of  
12 its Missouri-associated revenue, for each calendar year.

13 (2) The Missouri care share for a health carrier with at least  
14 twenty-five thousand but not more than fifty thousand persons insured  
15 for health coverage sold in the state of Missouri and that has been  
16 doing business in the state of Missouri for more than one year shall be  
17 no less than eighty-five percent of its Missouri-associated revenue, and  
18 non-health expenditures shall not exceed fifteen percent of its  
19 Missouri-associated revenue, for each calendar year.

20 2. Each health carrier operating in the state of Missouri shall  
21 report annually to the director of the department of insurance,  
22 financial institutions and professional registration its total revenues,  
23 Missouri-associated revenue, total premiums, Missouri premiums, total

24 health expenditures, Missouri-associated health expenditures, total  
25 non-health expenditures, care share, and Missouri care share. Such  
26 information shall be reported on forms provided by the director, which  
27 shall include all information required by the National Association of  
28 Insurance Commissioners'"Health Maintenance Organization Financial  
29 Report of Affairs and Conditions Form", and such other information as  
30 the director shall deem relevant for determining compliance with the  
31 requirements of this section. The director shall issue regulations  
32 specifying the methods for calculating the information to be reported  
33 in accordance with this section. The director shall publish annually the  
34 care share and the Missouri care share of each health carrier doing  
35 business in the state of Missouri. All written materials used for  
36 advertising and marketing health benefit plans to prospective insured  
37 persons, enrollees, or groups shall include a statement of the health  
38 carrier's care share and its Missouri care share.

39       3. (1) Any health carrier that fails to comply with the provisions  
40 of this section shall refund to the persons insured by it a percentage of  
41 its Missouri-associated revenues equal to the Missouri care share  
42 required by subsection 1 of this section for the calendar year less the  
43 Missouri care share actually expended for the calendar year. The  
44 refund payable for any calendar year shall be paid on or before April  
45 thirtieth of the next calendar year. A health carrier that reports a  
46 shortfall in its Missouri care share may, upon written notice to the  
47 director, pay the refund owed by reducing the total premiums payable  
48 by its insureds or enrollees for the calendar year in which the shortfall  
49 is reported by an amount equal to the total shortfall.

50       (2) Each calendar year, the director or his or her designee shall  
51 audit the books and records of a random sample of ten percent of  
52 health carriers that have more than twenty-five thousand persons  
53 insured under health benefit plans. The director may appoint an  
54 independent auditor to conduct the audit, subject to the control and  
55 supervision of the director, and shall assess each health carrier a fee  
56 to pay the reasonable costs of such audit.

57       (3) The director shall prepare an annual budget of the costs of  
58 monitoring and determining compliance with the provisions of this  
59 section and such costs shall be paid by each health carrier that has  
60 done business in the state of Missouri for at least five years, on a

61 **prorata basis.**

62 **4. A violation of any of the provisions of this section by any**  
63 **health carrier shall constitute a level four violation under section**  
64 **374.079.**

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