

SECOND REGULAR SESSION

HOUSE BILL NO. 1495

92ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES BLAND (Sponsor), FRASER, WALKER, RIBACK WILSON (25),
HILGEMANN, SELBY, SAGER, THOMPSON, HOSKINS AND JONES (Co-sponsors).

Read 1st time February 17, 2004, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

4216L.011

AN ACT

To amend chapter 354, RSMo, by adding thereto twenty new sections relating to certain health care benefits, with a contingent effective date for certain sections and a referendum clause.

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 new sections, to
2 be known as sections 354.750, 354.753, 354.756, 354.759, 354.762, 354.765, 354.768, 354.771,
3 354.774, 354.777, 354.780, 354.783, 354.786, 354.789, 354.792, 354.795, 354.804, 354.807,
4 354.810, and 354.813, to read as follows:

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

3 **2. The Missouri universal health assurance program is hereby created for the**
4 **purpose of providing a single, publicly financed statewide insurance program to provide**
5 **comprehensive necessary health care services for all residents of this state. This program**
6 **shall have as its goals:**

7 **(1) Timely access to needed health services of the highest quality for every resident**
8 **of the state so that individuals, businesses, and providers of health care may all benefit;**

9 **(2) The provision of adequate funding for the state's health care delivery system;**

10 **(3) Control of health care costs.**

11 **3. As used in sections 354.750 to 354.813, the following terms mean:**

12 **(1) "Board", the board of governors of the Missouri universal health assurance**
13 **program;**

14 **(2) "Eligible person", any person who qualifies for benefits pursuant to section**
15 **354.783;**

- 16 (3) "Fund", the Missouri health care trust fund;
17 (4) "Participating provider", any person who is authorized to furnish covered
18 services pursuant to the provisions of sections 354.750 to 354.813 and pursuant to rules
19 adopted by the board of governors of the Missouri universal health assurance program;
20 (5) "Program", the Missouri universal health assurance program.

354.753. The Missouri universal health assurance program shall be a body
2 corporate and an instrumentality of the state. In the program shall be vested the powers
3 and duties specified in sections 354.750 to 354.813 and to enable it, its officers, employees
4 and agents to carry out the purposes of sections 354.750 to 354.813.

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

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

7 (2) Develop a transportation plan to enable indigents, elderly persons, and persons
8 with disabilities to have access to necessary nonemergency health care services.

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

14 (1) One representative of business;

15 (2) One representative of a labor organization;

16 (3) One representative of a political subdivision within the district;

17 (4) Two physicians;

18 (5) One registered nurse;

19 (6) Two representatives of health care providers who are not physicians or
20 registered nurses;

21 (7) Two representatives of consumers of health care services;

22 (8) One person trained in bioethics;

23 (9) One dentist; and

24 (10) One mental health care provider.

25 **3.** The terms of the initial appointees to each of the district councils shall be as
26 follows: five shall be appointed for a term of four years, four for a term of three years, and
27 four for a term of two years. Thereafter all terms shall be for four years, but any member

28 appointed to fill a vacancy in an unexpired term shall serve only for the remainder of that
29 term. No member may be appointed to serve more than two consecutive terms.

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

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

5 (a) One representative of a hospital;

6 (b) Two physicians;

7 (c) One registered nurse;

8 (d) One representative of a community health center;

9 (e) One representative of a mental health care provider;

10 (f) One person whose annual income does not exceed the federal poverty level;

11 (g) One person whose annual income does not exceed twice the federal poverty
12 level;

13 (h) One person sixty-five years of age or older;

14 (i) One representative of a labor organization;

15 (j) One representative of employers;

16 (k) One member who is a licensed health care professional other than a physician
17 or a nurse;

18 (l) One person trained in bioethics; and

19 (m) One dentist;

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

23 (3) Three of whom shall be the following ex officio members:

24 (a) The director of the department of health and senior services;

25 (b) The director of the department of social services;

26 (c) The director of the department of mental health.

27 2. The terms of the initial members who are appointed pursuant to subdivision (1)
28 of subsection 1 of this section shall be staggered as follows: five shall be appointed for a
29 term of four years, five for a term of three years, and four for a term of two years. The
30 initial terms of the members selected pursuant to subdivision (2) of subsection 1 of this
31 section shall be staggered so that the members selected from even-numbered districts shall
32 serve an initial term of three years and those from odd-numbered districts shall serve four
33 years. Thereafter all terms shall be for a term for four years each, but a member
34 appointed to fill a vacancy in an unexpired term shall serve only for the remainder of that

35 term. No member may be appointed to serve more than two consecutive terms.

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

37 (1) A sufficient representative of racial and ethnic minorities so that the makeup
38 of the board shall accurately reflect the racial and ethnic diversity of the state and of
39 persons eligible for coverage under the program; and

40 (2) At least two members who are defined as disabled pursuant to the Americans
41 with Disabilities Act, P.L. 101-336.

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

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

46 6. Twelve members of the board constitute a quorum, and affirmative vote of
47 twelve members shall be necessary for any action to be taken by the board.

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

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

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

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

6 (3) Determining aggregate capital expenditures in keeping with the goals
7 established pursuant to subdivision (2) of subsection 1 of section 354.765;

8 (4) Approving changes in coverage offered by the program;

9 (5) Administering and implementing the program, and administer the Missouri
10 universal health care trust fund created pursuant to section 354.771;

11 (6) Adopting rules pursuant to chapter 536, RSMo;

12 (7) Monitoring the operation of the program;

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

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

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

23 **(11) Conducting necessary investigations and inquiries and compel the submission**
24 **of information, documents, and records the board considers necessary to carry out its**
25 **duties pursuant to the provisions of sections 354.750 to 354.813;**

26 **(12) Conducting utilization review of patients and providers to identify abuses of**
27 **the program;**

28 **(13) Employing and supervising staff;**

29 **(14) Conducting other activities it considers necessary to carry out the purposes**
30 **of sections 354.750 to 354.813;**

31 **(15) Establishing standards and procedures for negotiating and entering into**
32 **contracts with participating providers;**

33 **(16) Suing and being sued.**

34 **2. The board, after providing notice to consumers, providers, the director of the**
35 **department of health and other interested parties, may hold hearings in connection with**
36 **any action that it proposes to take pursuant to subsection 1 of this section. Nothing in this**
37 **section shall be construed as authorizing the board to adopt rules pursuant to subdivision**
38 **(6) or (15) of subsection 1 of this section, or to conduct evaluations or investigations**
39 **pursuant to subdivision (11) of subsection 1 of this section without holding public hearings.**

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

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

7 **(a) The prevention account established pursuant to subsection 1 of section 354.774;**

8 **(b) The health services account established pursuant to subsection 2 of section**
9 **354.774;**

10 **(c) The state of Missouri for deposit in the health professional education and**
11 **training fund established pursuant to section 354.777; and**

12 **(d) Administration of the program in an amount not to exceed four percent of the**
13 **total funds available to the program;**

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

16 **(3) An evaluation of the health care and mental health needs of each regional**
17 **health care planning and policy development district and of the state which shall include,**

18 but not be limited to, assessments of:

19 (a) Local needs for medical technology and other investments in health care
20 equipment and capital improvements;

21 (b) The extent to which state and local efforts to coordinate the activities of the
22 health care delivery system have been effective;

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

24 (4) Goals for geographic distribution of health care providers and personnel with
25 strategies for using the authority over reimbursements pursuant to section 354.792 and
26 resources from the health professional education and training fund established in section
27 354.777 to achieve these goals;

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

30 (6) Specific goals for the physical and mental health status of Missourians and for
31 quality of care rendered pursuant to the program;

32 (7) An evaluation of the adequacy of total funds available to the program. Any
33 recommendation made by the board or staff of the program to the general assembly for
34 increases in either the health premium surcharge enacted in section 354.798 or the health
35 premium surcharge enacted in section 354.804 shall:

36 (a) Maintain the relative proportion of funding from these two sources; and

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

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

41 (1) Appoint a subcommittee composed of medical research experts to make
42 recommendations to the board regarding grants for medical and other health care research
43 and development;

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

46 (3) Instruct each district advisory council to conduct at least one public hearing
47 in its region to gather public comment on the proposed plan. The board shall provide the
48 district advisory councils with staff assistance in the development of such hearings;

49 (4) Hold at least two public hearings to gather public comment on the proposed
50 plan.

51 3. The comprehensive state health plan shall, to the extent practical, seek to assure
52 the most cost-effective delivery of health care by reflecting the following priorities:

53 (1) Quality of care to be achieved through the following:

- 54 (a) Increased emphasis on primary and preventive services;
- 55 (b) Accountability of providers to payers and consumers for both the outcomes
- 56 and consumer acceptability of the care they render;
- 57 (c) Continuity of care, as embodied in coordination of services to individuals and
- 58 the community; and
- 59 (d) Positive efforts to improve and assure high levels of professional competence
- 60 and expertise among health care providers;
- 61 (2) Access to care through the equitable distribution of resources within the health
- 62 care delivery system on the basis of community need;
- 63 (3) Efficient use of resources through:
- 64 (a) Elimination of unnecessary administrative and overhead expense;
- 65 (b) Increased emphasis on innovative and cost-effective modes of care, including,
- 66 but not limited to:
- 67 a. Community, nonmedical or in-home services that provide alternatives to
- 68 institutional long-term care;
- 69 b. Community health nursing;
- 70 c. Services provided by nurse practitioners; and
- 71 d. Psychiatric and other mental health services provided on an outpatient basis.
- 2 **354.768. 1. The board of governors of the Missouri universal health assurance**
- 3 **program shall appoint the executive director of the program.**
- 4 **2. The executive director shall serve as secretary to the board and shall perform**
- 5 **such duties in the administration of the plan as the board may assign.**
- 6 **3. The board may delegate to the executive director any of its functions or duties**
- 7 **pursuant to sections 354.750 to 354.813 except the issuance of rules and the determination**
- 8 **of the program.**
- 9 **354.771. 1. The board shall establish and administer the "Missouri Health Care**
- 10 **Trust Fund", in which shall be placed all federal payments received as a result of any**
- 11 **waiver of requirements granted by the United States Secretary of Health and Human**
- Services under health care programs established pursuant to Title XVIII and Title XIX of**
- the Social Security Act, as amended, all moneys collected pursuant to sections 354.798 and**
- 354.804, and all moneys appropriated by the general assembly to the program pursuant**
- to sections 354.750 to 354.813. Except as provided in sections 354.798 and 354.804,**
- moneys in the fund shall be used solely to establish and maintain primary community**
- prevention programs, to pay participating providers, to provide grants for medical**
- research and development and to support construction, renovation, equipping of health**
- care institutions in accordance with sections 354.750 to 354.813 and rules established by**

12 the board of governors of the program and for no other purpose. The board shall have
13 power, in the name and on behalf of the program, to purchase, acquire, hold, invest, lend,
14 lease, sell, assign, transfer and dispose of all property, rights and securities, and enter into
15 written contracts, all as may be necessary or proper to carry out the purposes of sections
16 354.750 to 354.813.

17 2. All money received by or belonging to the program shall be paid to the executive
18 director and deposited by the executive director to the credit of the plan in one or more
19 banks or trust companies. No such money shall be deposited in or be retained by any
20 bank or trust company which does not have on deposit with and for the board at the time
21 the kind and value of collateral required by sections 30.240 and 30.270, RSMo, for
22 depositaries of the state treasurer. The executive director shall be responsible for all
23 funds, securities and property belonging to the program and shall give such corporate
24 surety bond for the faithful handling of the same as the board shall require.

25 3. Revenues held in the trust fund are not subject to appropriation or allotment
26 by the state or any political subdivision of the state.

27 4. The board of governors shall administer the fund and shall conduct a quarterly
28 review of the expenditures from and revenues received by the fund.

29 5. The board may invest the funds of the program as permitted by law.

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

354.774. 1. The "Prevention Account" is hereby created within the Missouri
2 health care trust fund. Moneys in the prevention account shall be used solely to establish
3 and maintain primary community prevention programs, including preventive screening
4 tests. The board of governors of the Missouri universal health assurance program shall
5 administer the prevention account and shall determine the amount to be allocated to it.

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

354.777. 1. There is hereby created within the state treasury the "Health
2 Professional Education and Training Fund" which shall consist of all moneys received
3 from federal health professional training moneys and any other funds so allocated by the
4 board pursuant to section 354.765. Upon appropriation by the general assembly, moneys
5 in the health professional education and training fund shall be used by the board solely to
6 pay for the education and training of health professionals.

7 2. During the five-year period commencing on January first following the effective
8 date of this section, the annual amount of state expenditures for the education and training

9 of health professionals shall not be reduced below the level of such expenditures in the
10 previous calendar year.

354.780. Notwithstanding the provisions of section 33.080, RSMo, to the contrary,
2 the moneys in the health professional education and training fund at the end of any
3 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
2 of this state is eligible to receive benefits for covered services pursuant to the Missouri
3 universal health assurance program. No person eligible for benefits pursuant to the
4 Missouri universal health assurance program who receives covered services from a
5 participating provider shall be charged an additional amount for such services.

6 2. Persons who are not residents of this state but who work in Missouri and for
7 whom a health premium surcharge is paid, either by such person or by an employer, may
8 receive benefits for himself or herself and his or her dependents pursuant to the Missouri
9 universal health assurance program, if such person also pays the health premium
10 surcharge required in section 354.804.

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

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

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

10 (1) Surgery for cosmetic purposes other than for reconstructive surgery;

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

13 (a) Purchasing or renewing life insurance; or

14 (b) Participating as a plaintiff or defendant in a civil action for the recovery or
15 settlement of damages;

16 (3) Custodial care rendered in a nursing home. As used in this subdivision
17 "custodial care" means nonmedical services provided in a residential care facility I or

18 residential care facility II as such terms are defined in section 198.006, RSMo;

19 (4) For skilled and intermediate nursing home care, to the extent such services are
20 not otherwise allowable pursuant to the Medicare program.

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

4 2. An eligible person may choose any participating provider.

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

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

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

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

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

12 3. Every physician or other provider employed by a globally budgeted institutional
13 provider shall be paid through and in a manner determined by the institutional provider.

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

21 5. A provider shall not charge rates that are higher than the negotiated

22 reimbursement level and shall not charge separately for covered services pursuant to
23 section 354.786.

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

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

354.804. 1. For all tax years beginning on or after January first of the year
2 following the receipt of notice by the revisor of statutes that the waivers requested
3 pursuant to section 354.807 have been received, there is hereby imposed in addition to the
4 state income tax imposed pursuant to chapter 143, RSMo, an additional health premium
5 surcharge on the Missouri adjusted gross income, as such term is defined in chapter 143,
6 RSMo. Such health premium surcharge shall be imposed on the Missouri adjusted gross
7 income of resident individuals as follows:

9 If the Missouri adjusted 10 gross income is:	The surcharge is:
12 Not over \$5,000	0%
14 Over \$5,000 but not over \$25,000	1% of Missouri adjusted gross income
17 Over \$25,000 but not over \$50,000	2% of Missouri adjusted gross income
20 Over \$50,000 but not over \$75,000	3% of Missouri adjusted gross income
23 Over \$75,000 but not over \$100,000	4% of Missouri adjusted gross income
26 Over \$100,000	5% of Missouri adjusted gross income.

28 **2. The surcharge imposed pursuant to this section shall be collected in the same**
29 **manner and at the same times as resident individual income tax is collected pursuant to**
30 **chapter 143, RSMo, and shall be deposited in the Missouri health care trust fund**
31 **established pursuant to section 354.771. All applicable provisions relating to withholding**
32 **shall apply to the surcharge imposed by this section. Any amounts withheld pursuant to**
33 **this section which exceed the liability pursuant to this section shall be refunded to the**
34 **person on whose account it was withheld. The director of revenue shall order the board**
35 **of governors of the Missouri universal health assurance program to refund such amounts**
36 **out of the Missouri health care trust fund.**

37 **3. The director of the department of revenue shall provide forms and shall**
38 **promulgate rules and regulations necessary to implement the provisions of this section.**

354.807. Not later than thirty days after the effective date of this section, the
2 **department of social services shall do both of the following:**

3 **(1) Apply to the United States Secretary of Health and Human Services for all**
4 **waivers of requirement under health care programs established pursuant to Title XVIII**
5 **and Title XIX of the Social Security Act, as amended, that are necessary to enable this state**
6 **to deposit all federal payments under such programs in the state treasury to the credit of**
7 **the Missouri health care trust fund created in section 354.771;**

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

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

354.813. The board of governors of the Missouri universal health assurance
2 **program shall request that the program established pursuant to the provisions of sections**
3 **354.750 to 354.813 be approved for federal employees and retirees while they are residents**
4 **of the state of Missouri.**

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

 Section C. Sections 354.750 to 354.813 of section A of this act are hereby submitted
2 to the qualified voters of this state for approval or rejection at the general election which shall

3 be held on Tuesday next following the first Monday in November, 2004, pursuant to the laws
4 and constitutional provisions of this state applicable to general elections and the submission of
5 referendum measures by initiative petitions, and it shall become effective when approved by a
6 majority of the votes cast thereon at such election and not otherwise.