HCS SS SCS SB 1283 -- TRANSFORMATION OF THE HEALTH CARE MARKET

SPONSOR: Dempsey (Schaaf)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Healthcare Transformation by a vote of 4 to 1.

This substitute changes the laws regarding the health care market and services in Missouri and establishes the Insure Missouri Plan in the MO HealthNet Division within the Department of Social Services.

HEALTH CABINET AND HEALTH POLICY COUNCIL ACT (Sections 26.850 - 26.859, RSMo)

The substitute establishes the Health Cabinet and Health Policy Council Act which creates the Missouri Health Cabinet within the Governor’s Office to ensure that the health-related public policy of this state is developed to promote interdepartmental collaboration and program implementation to improve the health of Missouri citizens.

The Governor is required to appoint a Health Policy Council, with the advice and consent of the Senate, to replace the State Board of Health and the State Board of Senior Services within the Department of Health and Senior Services to assist the cabinet in its tasks.

STATE EMPLOYEE CAFETERIA PLAN FEES (Section 33.103)

The substitute allows a deduction for cafeteria plan administrative fees from a state employee’s compensation except when the employee affirmatively elects not to participate in the plan.

STATE LEGAL EXPENSE FUND (Section 105.711)

A physician’s professional corporation or charitable organization is added to the list of health care providers for whom the State Legal Expense Fund is available for payment of certain claims filed against the provider.

TAX CREDIT FOR HOME MODIFICATIONS FOR THE DISABLED (Sections 135.535 and 135.562)

The substitute increases the amount of available income tax credits for certain individuals for the costs of modifications to make a disabled person's home accessible by allocating all unused tax credits under the Rebuilding Communities Tax Credit Program to be available for the tax credit.

INCOME TAX DEDUCTIONS, CREDITS, AND REFUNDS (Sections 143.111 - 143.790)

A self-employed, Missouri resident's individual health insurance premiums will be excluded from being deducted from adjusted gross income when computing his or her Missouri taxable income.

A hospital or health care provider can submit a delinquent unpaid medical claim to the Department of Revenue rather than the Department of Health and Senior Services in order to offset the debtor's income tax refund.

COMMUNITY HEALTH COALITIONS (Section 191.845)

Subject to appropriations, the substitute allows the Department of Social Services to issue a grant for $350,000 to a local government entity or local health department to consider pilot projects to expand health care coverage to uninsured populations. The greater St. Charles and the southeast bootheel areas are eligible for the grant.

TRANSPARENCY OF HEALTH CARE SERVICES (Sections 191.1005 - 191.1010)

Criteria are established for insurers to use in programs that publicly assess and compare quality and cost efficiency of health care data. A provider cannot decline to enter into a provider contract with an insurer solely because the insurer uses quality and cost efficiency of health care data programs.

A person who sells or distributes health care quality and cost efficiency data in a comparative format to the public is required to identify the source used to confirm the validity of the data and its analysis as an objective indicator of health care quality. The Department of Health and Senior Services is required to investigate complaints of alleged violations and is authorized to impose a penalty of up to $1,000.

Alleged violations by health insurers will be investigated and enforced by the Department of Insurance, Financial Institutions, and Professional Registration.

INTERNET WEB-BASED PRIMARY CARE ACCESS PILOT (Section 191.1200)

The substitute allows the General Assembly to appropriate $400,000 from the Health Care Technology Fund to the Department of Social Services to implement an Internet web-based primary care access pilot project to connect patients with a primary care medical home and schedule patients for available community-based appointments as an alternative to non-emergency use of the

hospital emergency room.

TELEHEALTH (Sections 191.1250 - 191.1271)

The substitute recognizes telehealth as a method of health care delivery and requires reimbursement to be in the same manner as a regular office visit or consultation.

OFFICE OF MINORITY HEALTH (Section 192.083)

The Office of Minority Health is required to solicit proposals from community programs and organizations representing minorities to develop culturally appropriate solutions and services relating to health and wellness and from faith-based organizations on initiatives to educate minorities on the value of personal responsibility and wellness.

MISSOURI FREE CLINICS FUND (Section 192.990)

The Missouri Free Clinics Fund is created and will be administered by the Department of Social Services to help meet the primary care health needs of uninsured Missourians. Subject to appropriations and from a one-time funding appropriation of $500,000, the department will disburse funds to be distributed equitably and evenly to all free clinics in the state.

TOBACCO USE PREVENTION AND CESSATION TRUST FUND (Section 196.1200)

The Tobacco Use Prevention and Cessation Trust Fund is created to be used for a comprehensive tobacco control program for tobacco prevention and cessation.

MISSOURI HEALTH FACILITIES REVIEW COMMITTEE (Sections 197.305 - 197.330)

The substitute increases the medical equipment exemption under the Certificate of Need Program from $1 million to $1.5 million and specifies that the application fee cannot exceed $5,000 for new equipment and $25,000 for new health care facilities. Prior to the initial hearing of an application, any health care provider who is in opposition to the application is required to file a written statement in opposition. The substitute establishes requirements for all hearings held by the Missouri Health Facilities Review Committee.

PATIENT SAFETY AND ADVERSE HEALTH EVENTS (Sections 197.551 - 197.590)

Hospitals are required to report certain patient incidents to a

patient safety organization no later than the close of business on the next business day after the incident is discovered. The patient safety organization is required to publish an annual report to the public on all reportable incidents.

Any provider furnishing services to a patient safety organization will not be liable for civil damages as a result of acts, omissions, decisions, or other such conduct in connection with the lawful duties on behalf of a patient safety organization.

HOSPITAL PATIENT SAFETY (Sections 197.625 and 287.055)

The substitute allows any licensed hospital to establish a safe patient handling committee and develop procedures to safely handle patients.

The Division of Workers' Compensation within the Department of Labor and Industrial Relations is required, by January 1, 2010, to develop rules to provide a reduced premium for hospitals that implement safe handling procedures.

CLAIMS AGAINST LOTTERY WINNINGS (Section 313.321)

Currently, the Department of Revenue can enter into agreements with the Missouri Lottery Commission to satisfy outstanding state agency debts from a person's lottery winnings. The department will no longer be required to work with the Department of Health and Senior Services to enter into an agreement to pay a claim to a health care provider.

HEALTH MAINTENANCE ORGANIZATIONS (HMOs)(Section 354.536)

The substitute requires proof that a dependent child is incapable of maintaining employment due to a mental or physical handicap to be submitted to the insured’s HMO within 31 days after the child has attained the age when the child's coverage is to be terminated instead of the current at least 31 days.

STANDARDIZED INSURANCE APPLICATIONS (Section 374.184)

The Director of the Department of Insurance, Financial Institutions, and Professional Registration must establish by rule uniform insurance application forms to be used by all insurers.

GROUP HEALTH INSURANCE POLICIES (Section 376.426)

The substitute limits the exclusions and limitations for group health insurance policies to the prior six months before an individual becomes covered under the policy. Exclusions and

limitations cannot apply to a loss or disability that occurred after the enrollment date or during the 18-month period thereafter for a late enrollee.

The substitute requires proof that a dependent child is incapable of maintaining employment due to a mental or physical handicap and is dependent upon the policy holder for support and maintenance to be submitted to the health insurer within 31 days after the dependent child has attained the age when coverage is to be terminated in order to sustain coverage instead of the current at least 31 days.

MISSOURI HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (Sections 376.450 and 376.453)

The State Children's Health Insurance Program coverage is added to the list of creditable coverages for individuals.

The definition of "waiting period" as it relates to the Missouri Health Insurance Portability and Accountability Act is revised to be a time period that must pass before coverage for an employee or dependent who is otherwise eligible to enroll in a group health plan becomes effective.

Health issuers offering group coverage will be required to provide a special enrollment period for a dependent being placed for adoption.

HIGH DEDUCTIBLE HEALTH PLANS (Section 376.685)

Health carriers are allowed to include wellness and health promotion programs, disease management programs, health risk appraisal programs, and similar programs in high deductible health plans or policies if they are approved by the Department of Insurance, Financial Institutions, and Professional Registration.

INDIVIDUAL HEALTH INSURANCE POLICIES (Section 376.776)

The substitute requires proof that a dependent child is incapable of maintaining employment due to a mental or physical handicap and is dependent upon the policy holder for support and maintenance to be submitted to the health insurer within 31 days after the dependent child has attained the age when coverage is to be terminated in order to sustain coverage instead of the current at least 31 days.

MISSOURI HEALTH INSURANCE POOL (Sections 148.380 and 376.960 - 376.991)

Eligibility limits and premium obligations are changed, the lifetime benefit cap is increased to $2 million, and the pre-existing condition waiting period is reduced from 12 months to six months for the Missouri Health Insurance Pool. The pool is required, beginning July 1, 2008, to offer at least one plan that meets the criteria of the federal Centers for Medicare and Medicaid for uninsurable individuals eligible under the Insure Missouri Program. The insurer assessments are eliminated under the pool and the premium taxes currently collected from insurers offering health-related insurance products will be distributed to the pool beginning January 1, 2009.

HEALTH REIMBURSEMENT ARRANGEMENT ONLY PLANS (Section 376.1600)

The substitute allows the Department of Insurance, Financial Institutions, and Professional Registration to authorize health reimbursement arrangement only plans that will not be considered insurance under Chapter 376.

STUDY OF BARRIERS (Section 376.1618)

The Director of the Department of Insurance, Financial Institutions, and Professional Registration is required to study and recommend changes to remove any unnecessary application and marketing barriers that limit the entry of new health insurance products into the Missouri market.

SMALL EMPLOYER HEALTH INSURANCE AVAILABILITY ACT (Sections 379.930 - 379.952)

The definition of "dependent" is revised as it relates to insurance coverage to be a person that is a spouse, an unmarried child who resides in Missouri and is younger than 25 years of age and is not covered by any group or individual health benefit plan or entitled to federal Social Security assistance benefits, or an unmarried disabled person who is dependent upon his or her parent.

A small employer can make a defined contribution to his or her employees with individual health insurance plans by establishing a cafeteria plan according to the laws regulating the Missouri Health Insurance Portability and Accountability Act.

A small employer insurance carrier must reasonably compensate an agent or broker for the sale of any small employer health benefit plan, and a small employer carrier must maintain and issue all health benefit plans it actively markets to small employers in the state.

Currently, a small employer insurance carrier will not be in

violation of any unfair trade practice if the small employer charges a lesser premium or deductible for employees who do not use tobacco products. The substitute revises the definition of "unfair trade practice" by using the provisions that apply to all insurance carriers in Missouri instead of only health and accident insurance companies.

INSURE MISSOURI PROGRAM (Sections 1 - 8)

The Insure Missouri Program is established within the Department of Social Services to provide health care coverage through the private insurance market to low-income working Missourians. The maximum enrollment of program participants is dependent on the moneys appropriated by the General Assembly, and eligibility for the program can be phased in incrementally based on appropriations.

The substitute specifies eligibility requirements for program participants and requires them to be subject to approval by the United States Department of Health and Human Services. A health care account is established for each eligible individual into which payments for his or her participation can be made by the individual, an employer, the state, or any philanthropic or charitable contributor.

A participant will be terminated from participation in the plan if his or her required payment is not made within 90 days after the required date. Approved participants are eligible for a 12-month period but must file a renewal application to remain in the program.

PHARMACY BENEFITS (Section 9)

Currently, fee-for-service eligible policies for prescribing psychotropic medications are prohibited from including any new limits to initial drug access requirements. The substitute applies these provisions to any additional geographic area or participant population covered and designated to receive MO HealthNet benefits through a health improvement plan other than a fee-for-service plan.

PROFESSIONAL SERVICES PAYMENT COMMITTEE (Section 10)

The Professional Services Payment Committee is required to review and make recommendations to the MO HealthNet Division within the Department of Social Services regarding standards and policies for denying payment to a health care provider for treatment costs associated with preventable errors occurring under that provider's care.

SUBROGATION CLAIMS (Section 11)

Third-party payers are required to honor MO HealthNet Division subrogation claims for up to three years from the date of the service, and the division is authorized to collect from third-party payers through subrogation of claims.

TIER I SAFETY NET PROVIDERS (Section 12)

When implementing the provisions regarding the Insure Missouri Program, the MO HealthNet Division is required to make sure that Missouri's Tier I Safety Net providers are not disproportionately impacted by the rules established by the division.

The provisions regarding the Missouri Health Insurance Pool become effective January 1, 2009.

The substitute contains an emergency clause for the provisions regarding the Insure Missouri Program.

FISCAL NOTE: Estimated Cost on General Revenue Fund of Unknown but Greater than $60,044,653 in FY 2009, Unknown but Greater than $61,994,821 in FY 2010, and Unknown but Greater than $68,285,368 in FY 2011. Estimated Cost on Other State Funds of Unknown in FY 2009, FY 2010, and FY 2011.

PROPONENTS: Supporters say that the bill stresses personal responsibility, and the provisions regarding transparency in health care are beneficial. The tax credits for home modifications will benefit stroke victims and their families.

Testifying for the bill were Senator Dempsey; Gerard Grimaldi, Truman Medical Centers; Missouri Hospital Association; American Lung Association of Missouri; United Healthcare; St. Louis Area Business Health Coalition; Ford Motor Company; and American Heart Association.

OPPONENTS: Those who oppose the bill say that the Medicare Advantage Program is highly regulated by the federal Centers for Medicare and Medicaid Services and that the provision is pre-empted by federal law.

Testifying against the bill were Coventry Health Care; and America's Health Insurance Plans.

OTHERS: Others testifying on the bill discussed the fiscal note and cautioned that some provisions could have unintended consequences.

Testifying on the bill were Missouri State Medical Association;

Department of Social Services; and Coventry Health Care of Kansas, Incorporated.