

FIRST REGULAR SESSION

HOUSE BILL NO. 1164

95TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE BROWN (50).

2348L.01I

D. ADAM CRUMBLISS, Chief Clerk

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, 354.783, 354.786, 354.789, 354.792, 354.795, 354.804, 354.807, 354.810, and 354.813, to read as follows:

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

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

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

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

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

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

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

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

- 15 (2) "Eligible person", any person who qualifies for benefits under section 354.783;
16 (3) "Fund", the Missouri health care trust fund;
17 (4) "Participating provider", any person who is authorized to furnish services
18 under the provisions of sections 354.750 to 354.813 and under rules adopted by the board
19 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 and senior services shall divide
2 the population of the state into six regional health planning and policy development
3 districts of roughly 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 under 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 nonemergency health care services.

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

14 (1) Two physicians;

15 (2) One registered nurse;

16 (3) One licensed health care provider who is neither a physician nor a registered
17 nurse;

18 (4) One doctor of dentistry;

19 (5) One medical director of a mental health facility;

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

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

22 (8) One professional consumer advocate.

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

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

354.759. 1. The Missouri universal health assurance program shall be administered
2 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 epidemiologist;

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

10 (f) One mental health care provider;

11 (g) One professional consumer advocate;

12 (h) Two persons whose annual income does not exceed twice the federal poverty
13 level;

14 (i) One person sixty-five years of age or older;

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

17 (k) One person trained in bioethics; and

18 (l) One doctor of dentistry;

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

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

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

24 (b) The director of the department of social services; and

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

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

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

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

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

41 **4. The board shall elect a chairperson and vice chairperson.**

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

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

47 **7. The members of the board shall be reimbursed from the Missouri health care**
48 **trust fund for mileage and their necessary and actual expenses incurred while engaged in**
49 **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 under 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 under subdivision (2) of subsection 1 of section 354.765;**

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

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

11 **(6) Adopting rules under 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 compelling the
24 submission of information, documents, and records the board considers necessary to carry
25 out its duties under 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 and reporting abuses to state agencies;

28 (13) Employing and supervising staff;

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

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

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 senior services and other interested parties, may hold hearings
36 in connection with any action that it proposes to take under subsection 1 of this section.
37 Nothing in this section shall be construed as authorizing the board to adopt rules under
38 subdivision (6) or (15) of subsection 1 of this section, or to conduct evaluations or
39 investigations under subdivision (11) of subsection 1 of this section without holding public
40 hearings.

 354.765. 1. The board, in cooperation with the district advisory councils
2 established under section 354.756, shall develop annually a comprehensive state health care
3 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 health services account established under section 354.774;

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

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

11 (d) The health professional education and training fund established under section
12 354.777; and

13 (e) Administration of the program in an amount not to exceed four percent of the
14 total funds available to the program;

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

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

20 (a) Regional needs and other investments in health care equipment and capital
21 improvements;

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

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

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

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

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

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

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

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

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

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

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

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

52 (3) Instruct each district advisory council to conduct at least one public hearing in
53 at least two areas of its region to gather public comment on the proposed plan. The board
54 shall provide the district advisory councils with staff assistance in the development of such
55 hearings; and

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

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

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

61 (a) Primary and preventive services;

62 (b) Accountability of providers to payers and consumers for both the outcomes and
63 consumer acceptability of the care they render;

64 (c) Continuity of care, as embodied in coordination of services to individuals and
65 the community; and

66 (d) Maintain high levels of professional competence and expertise among health
67 care providers according to professional practice standards;

68 (2) Access to care through the equitable distribution of resources within the health
69 care delivery system on the basis of community need;

70 (3) Efficient use of resources through:

71 (a) Elimination of unnecessary administrative and overhead expense;

72 (b) Elimination of means testing;

73 (c) Establishment of cost containment pricing for reimbursements to manufacturers
74 of pharmaceuticals and manufacturers of durable and nondurable medical equipment; and

75 (d) Innovative and cost-effective modes of care, including, but not limited to:

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

78 b. Community health nursing;

79 c. Services provided by nurse practitioners; and

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

354.768. The board of governors of the Missouri universal health assurance
2 program shall appoint the executive director of the program.

354.769. 1. The executive director shall serve as secretary to the board and shall
2 perform such duties in the administration of the plan as the board may assign.

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

354.770. The board shall establish and administer the "Missouri Health Care Trust Fund", in which shall be placed all federal payments received as a result of any waiver of requirements granted by the United States Secretary of Health and Human Services under health care programs established under Title XVIII and Title XIX of the Social Security Act, as amended, all moneys collected under sections 354.798 to 354.804, and all moneys appropriated by the general assembly to the program under sections 354.750 to 354.813. Except as otherwise provided in sections 354.798 to 354.804, moneys in the fund shall be used for comprehensive necessary health care services, and to support construction, renovation, equipping of health care institutions based on regional 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 purpose. The board shall have power, in the name and on behalf of the program, to purchase, acquire, hold, invest, lend, lease, sell, assign, transfer, and dispose of all property, rights, and securities, and enter into written contracts, all as may be necessary or proper to carry out the purposes of sections 354.750 to 354.813.

354.771. 1. All money received by or belonging to the program shall be paid to the executive director and deposited by the executive director to the credit of the plan in one or more banks or trust companies. No such money shall be deposited in or be retained by any bank 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 30.240 and 30.270, RSMo, for depositories of the state treasurer. The executive director shall be responsible for all funds, securities, and property belonging to the program and shall give such corporate surety bond for the faithful handling of the same as the board shall require.

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

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

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

5. The board may invest funds of the program as permitted by 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 within the Missouri health care trust fund. Moneys in the health services account shall be used solely to pay participating providers in accordance with section 354.792.

2. The "Prescribed Medications, Durable and Nondurable Medical Equipment Account" is hereby created within the Missouri health care trust fund. Moneys in the

6 account shall be used solely for medications and durable and nondurable medical
7 equipment prescribed by participating physicians in accordance with section 354.792.

8 3. The "Regional Capitol Improvement Account" is hereby created within the
9 Missouri health care trust fund. Moneys in the account shall be used solely to pay for
10 medical technology and capitol improvements needed in regions to improve access to health
11 care resources 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 under section 354.765. Upon appropriation by the general assembly, moneys in the
5 health professional education and training fund shall be used by the board solely to pay
6 for the education and training of health professionals, such loan to be forgiven if work in
7 field of training is performed in underserved areas of the state for a length of time
8 commensurate with the length of time spent in health profession education and training.

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

354.780. Notwithstanding the provisions of section 33.080, RSMo, to the contrary,
2 the moneys in the health care trust fund at the end of any biennium shall not be
3 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
2 this state is eligible to receive services under the Missouri universal health assurance
3 program. No person eligible for services under the Missouri universal health assurance
4 program who receives services from a participating provider shall be charged an
5 additional amount for such services.

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

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

354.786. 1. Every person who is eligible to receive services under the program
2 under 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. Health care services include, but are not limited to, all services provided under
8 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 the
12 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 as such
18 term is defined in section 198.006, RSMo.

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

12 6. The Missouri universal health assurance program shall reimburse health care
13 providers that are located outside this state at reasonable rates for care rendered to
14 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 services under section 354.786.

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

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

354.795. Insurers, employers, and other plans may offer benefits that do not
2 duplicate services that are 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 under
3 section 354.807 have been received, in addition to the state income tax imposed under
4 chapter 143, RSMo, there is hereby imposed a health assurance tax on all Missouri taxable
5 income of resident individuals, as defined in chapter 143, RSMo, that exceeds five thousand
6 dollars. Such individual health assurance tax shall be imposed at the following rate:

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

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

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

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

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

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

25 3. The director of the department of revenue shall provide forms and shall
26 promulgate rules necessary to implement the provisions of this section. Any rule or portion
27 of a rule, as that term is defined in section 536.010, RSMo, that is created under the
28 authority delegated in this section shall become effective only if it complies with and is
29 subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028,
30 RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers
31 vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the
32 effective date, or to disapprove and annul a rule are subsequently held unconstitutional,
33 then the grant of rulemaking authority and any rule proposed or adopted after the
34 effective date of this section shall be invalid and void.

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

 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 under Title XVIII and
5 Title XIX of the Social Security Act, as amended, that are necessary to enable this state to
6 deposit all federal payments under such programs to the credit of the Missouri health care
7 trust fund created in section 354.771;

8 **(2) Identify any other federal programs that provide federal funds for payment of**
9 **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 under section 354.759.**

354.813. The board of governors of the Missouri universal health assurance
2 **program shall request that the program established under 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 under section 354.807 of this act.

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