#### FIRST REGULAR SESSION

### [PERFECTED]

### HOUSE COMMITTEE SUBSTITUTE FOR

# **HOUSE BILL NOS. 952 & 674**

## 94TH GENERAL ASSEMBLY

Reported from the Committee on Crime Prevention and Public Safety April 3, 2007 with recommendation that House Committee Substitute for House Bill Nos. 952 & 674 Do Pass. Referred to the Committee on Rules pursuant to Rule 25(21)(f).

Reported from the Committee on Rules April 5, 2007 with recommendation that House Committee Substitute for House Bill Nos. 952 & 674 Do Pass.

Taken up for Perfection April 11, 2007. House Committee Substitute for House Bill Nos. 952 & 674 ordered Perfected and printed, as amended.

D. ADAM CRUMBLISS, Chief Clerk

2306L.05P

### **AN ACT**

To repeal sections 198.073, 198.076, 198.079, and 198.086, RSMo, and to enact in lieu thereof nine new sections relating to fire protection in long-term care facilities.

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

- Section A. Sections 198.073, 198.076, 198.079, and 198.086, RSMo, are repealed and
- 2 nine new sections enacted in lieu thereof, to be known as sections 198.073, 198.074, 198.076,
- 3 198.079, 198.086, 320.375, 1, 2, and 3, to read as follows:
  - 198.073. 1. A residential care facility shall admit or retain only those persons who are
- 2 capable mentally and physically of negotiating a normal path to safety using assistive devices or
- 3 aids when necessary, and who may need assisted personal care within the limitations of such
- 4 facilities, and who do not require hospitalization or skilled nursing care.
- 5 2. Notwithstanding the provisions of subsection 1 of this section, those persons
- 6 previously qualified for residence who may have a temporary period of incapacity due to illness,
- 7 surgery, or injury, which period does not exceed forty-five days, may be allowed to remain in a
- 8 residential care facility or assisted living facility if approved by a physician.

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.

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- 9 3. Any facility licensed as a residential care facility II on August 27, 2006, shall be 10 granted a license as an assisted living facility, as defined in section 198.006, on August 28, 2006, regardless of the laws, rules, and regulations for licensure as an assisted living facility as long as such facility continues to meet all laws, rules, and regulations that were in place on August 12 27, 2006, for a residential care facility II. At such time that the average total reimbursement, not 13 including residents' cost-of-living increases in their benefits from the Social Security Administration after August 28, 2006, for the care of persons eligible for Medicaid in an assisted 15 living facility is equal to or exceeds forty-one dollars per day, all facilities with a license as an 17 assisted living facility shall meet all laws, rules, and regulations for licensure as an assisted living facility. Nothing in this section shall be construed to allow any facility that has not met the 18 19 requirements of subsections 4 and 6 of this section to care for any individual with a physical, 20 cognitive, or other impairment that prevents the individual from safely evacuating the facility.
  - 4. Any facility licensed as an assisted living facility, as defined in section 198.006, except for facilities licensed under subsection 3 of this section, may admit or retain an individual for residency in an assisted living facility only if the individual does not require hospitalization or skilled nursing placement, and only if the facility:
  - (1) Provides for or coordinates oversight and services to meet the needs of the resident as documented in a written contract signed by the resident, or legal representative of the resident;
  - (2) Has twenty-four-hour staff appropriate in numbers and with appropriate skills to provide such services;
  - (3) Has a written plan for the protection of all residents in the event of a disaster, including keeping residents in place, evacuating residents to areas of refuge, evacuating residents from the building if necessary, or other methods of protection based on the disaster and the individual building design;
    - (4) Completes a pre-move-in screening with participation of the prospective resident;
  - (5) Completes for each resident a community-based assessment, as defined in subdivision (7) of section 198.006:
    - (a) Upon admission;
    - (b) At least semiannually; and
  - (c) Whenever a significant change has occurred in the resident's condition which may require a change in services;
  - (6) Based on the assessment in subsection 7 of this section and subdivision (5) of this subsection, develops an individualized service plan in partnership with the resident, or legal representative of the resident, that outlines the needs and preferences of the resident. The individualized service plan will be reviewed with the resident, or legal representative of the resident, at least annually, or when there is a significant change in the resident's condition which

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- may require a change in services. The signatures of an authorized representative of the facility and the resident, or the resident's legal representative, shall be contained on the individualized service plan to acknowledge that the service plan has been reviewed and understood by the resident or legal representative;
  - (7) Makes available and implements self-care, productive and leisure activity programs which maximize and encourage the resident's optimal functional ability;
    - (8) Ensures that the residence does not accept or retain a resident who:
- 52 (a) Has exhibited behaviors that present a reasonable likelihood of serious harm to 53 himself or herself or others;
  - (b) Requires physical restraint;
  - (c) Requires chemical restraint. As used in this paragraph, the following terms mean:
- a. "Chemical restraint", a psychopharmacologic drug that is used for discipline or convenience and not required to treat medical symptoms;
  - b. "Convenience", any action taken by the facility to control resident behavior or maintain residents with a lesser amount of effort by the facility and not in the resident's best interest;
- 61 c. "Discipline", any action taken by the facility for the purpose of punishing or penalizing residents;
  - (d) Requires skilled nursing services as defined in subdivision (23) of section 198.006 for which the facility is not licensed or able to provide;
  - (e) Requires more than one person to simultaneously physically assist the resident with any activity of daily living, with the exception of bathing and transferring;
    - (f) Is bed-bound or similarly immobilized due to a debilitating or chronic condition; and
  - (9) Develops and implements a plan to protect the rights, privacy, and safety of all residents and to protect against the financial exploitation of all residents;
    - (10) Complies with the training requirements of subsection 8 of section 660.050, RSMo.
  - 5. Exceptions to paragraphs (d) to (f) of subdivision (8) of subsection 4 of this section shall be made for residents on hospice, provided the resident, designated representative, or both, and the assisted living provider, physician, and licensed hospice provider all agree that such program of care is appropriate for the resident.
  - 6. If an assisted living facility accepts or retains any individual with a physical, cognitive, or other impairment that prevents the individual from safely evacuating the facility with minimal assistance, the facility shall:
- 78 (1) Have sufficient staff present and awake twenty-four hours a day to assist in the evacuation;
  - (2) Include an individualized evacuation plan in the service plan of the resident; and

- (3) [Be equipped with an automatic sprinkler system in compliance with National Fire Protection Association Code 13 or National Fire Protection Association Code 13R, and an automated fire door system and smoke alarms in compliance with 13-3.4 of the 1997 Life Safety Codes for Existing Health Care Occupancy, or for multilevel facilities, be equipped with an automatic sprinkler system in compliance with National Fire Protection Association Code 13 and each floor shall be divided into at least two smoke sections and fire alarms in compliance with 13-3.4 of the 1997 Life Safety Codes for Existing Health Care Occupancy;
  - (4)] Take necessary measures to provide residents with the opportunity to explore the facility and, if appropriate, its grounds; and
  - [(5)] (4) Use a personal electronic monitoring device for any resident whose physician recommends the use of such device.
  - 7. An individual admitted or readmitted to the facility shall have an admission physical examination by a licensed physician. Documentation should be obtained prior to admission but shall be on file not later than ten days after admission and shall contain information regarding the individual's current medical status and any special orders or procedures that should be followed. If the individual is admitted directly from a hospital or another long-term care facility and is accompanied on admission by a report that reflects his or her current medical status, an admission physical shall not be required.
  - 8. Facilities licensed as an assisted living facility shall disclose to a prospective resident, or legal representative of the resident, information regarding the services the facility is able to provide or coordinate, the costs of such services to the resident, and the resident conditions that will require discharge or transfer, including the provisions of subdivision (8) of subsection 4 of this section.
  - 9. After January 1, 2008, no entity shall hold itself out as an assisted living facility or advertise itself as an assisted living facility without obtaining a license from the department to operate as an assisted living facility. Any residential care facility II licensed under this chapter that does not use the term assisted living in the name of its licensed facility on or before May 1, 2006, shall be prohibited from using such term after August 28, 2006, unless such facility meets the requirements for an assisted living facility in subsection 4 of this section.
- 10. [For assisted living facilities built after August 28, 2006, or which have major renovations after August 27, 2006, such single-level assisted living facilities or the major renovation portion shall be equipped with an automatic sprinkler system in compliance with National Fire Protection Association Code 13 or 13R of the 1997 Life Safety Codes for Existing Health Care Occupancy, or for such multilevel assisted living facilities or the major renovation portion shall be equipped with an automatic sprinkler system in compliance with National Fire Protection Association Code 13 and each floor shall be divided into two smoke sections and fire

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alarms in compliance with 13-3.4 of the 1997 Life Safety Codes for Existing Health Care 117 Occupancy. Existing facilities seeking to be licensed as assisted living facilities shall meet the 118 fire safety standards for residential care facilities II in effect on August 28, 2006, unless such 119 120 facilities seek to admit one or more individuals with physical, cognitive, or other impairments 121 that prevent the individuals from safely evacuating the facility with minimal assistance, in which 122 case such facilities shall comply with subsection 6 of this section.

11.] The department of health and senior services shall promulgate rules to ensure compliance with this section. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2006, shall be invalid and void.

198.074. 1. Effective August 28, 2007, all new facilities built on or after August 28, 2007, or any facilities completing a major renovation to the facility on or after August 28, 2007, as defined and approved by the department, and which are licensed under this chapter shall install and maintain an approved sprinkler system in accordance with National Fire Protection Association (NFPA) 13.

- 2. Facilities that were initially licensed and had an approved sprinkler system and were required to have an approved sprinkler system installed under section 198.073, prior to August 28, 2007, shall continue to meet all laws, rules, and regulations for testing, inspection and maintenance of the sprinkler system that were in effect for such facilities on August 27, 2007.
- 3. All skilled nursing facilities and intermediate care facilities initially licensed on or after August 28, 2007, shall install and maintain an approved sprinkler system in accordance with NFPA 13, effective August 28, 2007. Multi-level assisted living facilities 14 that accept or retain any individual with a physical, cognitive, or other impairment that prevents the individual from safely evacuating the facility with minimal assistance licensed on or after August 28, 2007 shall install and maintain an approved sprinkler system in accordance with NFPA 13, effective August 28, 2007. Single-story assisted living facilities that accept or retain any individual with a physical, cognitive, or other impairment that prevents the individual from safely evacuating the facility with minimal assistance licensed on or after August 28, 2007 shall install and maintain an approved sprinkler system in accordance with NFPA 13, effective August 28, 2007.

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- 22 4. All facilities, not included in subsection 3 of this section, which are initially 23 licensed under this chapter prior to August 28, 2007, and that do not have installed an approved sprinkler system in accordance with NFPA 13R prior to August 28, 2007, shall 24 25 install and maintain an approved sprinkler system in accordance with NFPA 13R by 26 December 31, 2015, unless the facility receives an exemption from the department and 27 presents evidence in writing from a certified sprinkler system representative or licensed 28 engineer that the facility is unable to install an approved National Fire Protection Association 13R system due to the unavailability of water supply requirements associated 30 with this system. Facilities that take a substantial step, as specified in subsection 8 of this 31 section, to install an approved NFPA 13R system prior to December 31, 2015, may apply 32 to the department for a loan matching funds dollar for dollar, in accordance with section 33 3, to install such system. However, such loan shall not be available if by December 31, 2009, the average total reimbursement for the care of persons eligible for Medicaid public 34 35 assistance in an assisted living facility and residential care facility is equal to or exceeds fifty-five dollars per day. The average total reimbursement includes room, board, and care 36 37 delivered by the facility, but shall not include payments to the facility for care or services not provided by the facility. If a facility under this subsection does not have an approved 38 39 sprinkler system installed by December 31, 2015, such facility shall be required to install and maintain an approved sprinkler system in accordance with NFPA 13 by December 31, 40 41 2016. Such loans received under this subsection and in accordance with section 3, shall be 42 paid as follows:
  - (1) Ten years for those facilities approved for the loan and whose average total reimbursement rate for the care of persons eligible for Medicaid public assistance is equal to forty-eight and no more than fifty dollars per day;
  - (2) Eight years for those facilities approved for the loan and whose average total reimbursement rate for the care of persons eligible for Medicaid public assistance is greater than fifty and no more than fifty-five dollars per day; or
  - (3) Five years for those facilities approved for the loan whose average total reimbursement rate for the care of persons eligible for Medicaid public assistance is greater than fifty-five dollars per day.
  - 5. (1) All facilities licensed under this chapter shall be equipped with a complete fire alarm system in compliance with NFPA 101, Life Safety Code for Detection, Alarm, and Communication Systems as referenced in NFPA 72, or shall maintain a system that was approved by the department when such facility was constructed so long as such system is a complete fire alarm system. A complete fire alarm system shall include, but not be limited to, interconnected smoke detectors throughout the facility, automatic transmission

to the fire department, dispatching agency, or central monitoring company, manual pull stations at each required exit attendant's station, heat detectors, and audible and visual alarm indicators.

- (2) In addition, each floor accessed by residents shall be divided into at least two smoke sections by one-hour rated smoke partitions. No smoke section shall exceed one hundred fifty feet in length. If neither the length nor the width of the floor exceeds seventy-five feet, no smoke-stop partition shall be required. Facilities with a complete fire alarm system and smoke sections meeting the requirements of this subsection prior to August 28, 2007, shall continue to meet such requirements. Facilities initially licensed on or after August 28, 2007, shall comply with such requirements beginning August 28, 2007, or on the effective date of licensure.
- (3) Except as otherwise provided in this subsection, the requirements for complete fire alarm systems and smoke sections shall be enforceable on December 31, 2008.
  - 6. The requirements of this section shall be construed to supersede the provisions of section 198.058 relating to the exemption of facilities from construction standards.
- 7. Notwithstanding section 320.202, RSMo to the contrary, inspections of facilities licensed under this chapter for compliance with this section shall be conducted annually by the state fire marshal if such inspections are not available to be conducted by local fire protection districts or fire departments. The provisions of this section shall be enforced by the state fire marshal.
- 8. By July 1, 2008, all facilities licensed under this chapter shall submit a plan for compliance with the provisions of this section to the state fire marshal.

198.076. The department shall promulgate reasonable standards and regulations for all residential care facilities and all assisted living facilities. The standards and regulations shall take into account the level of care provided and the number and type of residents served by the facility to insure maximum flexibility. These standards and regulations shall relate to:

- (1) The number and qualifications of employed and contract personnel having responsibility for any of the services provided for residents and requirements that all employees and contract personnel be awake, dressed, and prepared to assist residents in case of emergency;
- 9 (2) The equipment, facilities, services and supplies essential to the health and welfare 10 of the residents;
- 11 (3) Fire safety [and], including resident smoking in designated areas only, 12 unannounced fire drills, fire safety training, and notification to the department of fires and 13 fire watches;
  - (4) Sanitation in the facility;

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- 15 [(4)] (5) Diet, which shall be based on good nutritional practice;
- [(5)] (6) Personal funds and property of residents;
- [(6)] (7) Resident rights and resident grievance procedures appropriate to the levels of care, size and type of facility;
- 19 [(7)] (8) Record keeping appropriate to the levels of care, size and type of facility;
- 20 [(8)] (9) Construction of the facility;
- 21 [(9)] (10) Care of residents;
- 22 (11) Emergency/disaster preparedness plans, including individual emergency plans 23 for residents at particular risk in the event of an emergency.
  - 198.079. The department shall promulgate reasonable standards and regulations for all intermediate care facilities and all skilled nursing facilities. The standards and regulations shall take into account the level of care provided and the type of residents served by the facility. These standards and regulations shall relate to:
  - (1) The number and qualifications of employed and contract personnel having responsibility for any of the services provided for residents and requirements that all employees and contract personnel be awake, dressed, and prepared to assist in case of emergency;
- 9 (2) The equipment, facilities, services and supplies essential to the health and welfare 10 of the residents;
  - (3) Fire safety [and], including resident smoking in designated areas only, unannounced fire drills, fire safety training, and notification to the department of fires and fire watches;
- 14 (4) Sanitation in the facility;
- [(4)] (5) Diet, which shall be related to the needs of each resident and based on good nutritional practice and on recommendations which may be made by the physician attending the resident;
- [(5)] (6) Personal funds and property of residents;
- 19 [(6)] (7) Resident rights and resident grievance procedures;
- 20 [(7)] (8) Record keeping, including clinical and personnel records;
- [(8)] (9) The construction of the facility, including plumbing, heating, ventilation and other housing conditions which shall insure the health, safety and comfort of residents and protection from fire hazards;
- 24 [(9)] (**10**) Care of residents;
- 25 [(10)] (11) Social and rehabilitative service;
- 26 [(11)] (12) Staff training and continuing education;

## 27 (13) Emergency/disaster preparedness plans, including individual emergency plans 28 for residents at particular risk in the event of an emergency.

198.086. 1. The department of health and senior services shall develop and implement a demonstration project designed to establish a licensure category for health care facilities that wish to provide treatment to persons with Alzheimer's disease or Alzheimer's-related dementia.

4 The division shall also:

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- (1) Inform potential providers of the demonstration project and seek letters of intent;
- 6 (2) Review letters of intent and select provider organizations to participate in the demonstration project. Ten such organizations may develop such projects using an existing license and additional organizations shall be newly licensed facilities with no more than thirty beds per project. One demonstration project shall be at a stand-alone facility of no more than 10 one hundred twenty beds designed and operated exclusively for the care of residents with 11 Alzheimer's disease or dementia within a county of the first classification with a charter form of 12 government with a population over nine hundred thousand. A total of not more than three 13 hundred beds may be newly licensed through the demonstration projects. All projects shall maintain their pilot status until a complete evaluation is completed by the division of aging, in 15 conjunction with a qualified Missouri school or university, and a written determination is made from such evaluation that the pilot project is successful; 16
  - (3) Monitor the participants' compliance with the criteria established in this section;
  - (4) Recommend legislation regarding the licensure of dementia-specific residential care based on the results of the demonstration project; and
  - (5) Submit a report regarding the division's activities and recommendations for administrative or legislative action on or before November fifteenth of each year to the governor, the president pro tem of the senate and the speaker of the house of representatives.
    - 2. The director of the division [of aging] shall:
  - (1) Develop a reimbursement methodology to reasonably and adequately compensate the pilot projects for the costs of operation of the project, and require the filing of annual cost reports by each participating facility which shall include, but not be limited to, the cost equivalent of unpaid volunteer or donated labor;
    - (2) Process the license applications of project participants;
  - (3) Monitor each participant to assure its compliance with the requirements and that the life, health and safety of residents are assured;
- 31 (4) Require each participating facility to complete a minimum data set form for each 32 resident occupying a pilot bed;
- 33 (5) Require the division of aging to assign a single team of the same surveyors to inspect 34 and survey all participating facilities at least twice a year for the entire period of the project; and

- 35 (6) Submit to the president pro tem of the senate and speaker of the house of 36 representatives copies of any statements of deficiencies, plans of correction and complaint 37 investigation reports applying to project participants.
  - 3. Project participants shall:
  - (1) Be licensed by the division [of aging];
  - (2) Provide care only to persons who have been diagnosed with Alzheimer's disease or Alzheimer's-related dementia;
  - (3) Have buildings and furnishings that are designed to provide for the resident's safety. Facilities shall have indoor and outdoor activity areas, and electronically controlled exits from the buildings and grounds to allow residents the ability to explore while preventing them from exiting the facility's grounds unattended;
- 46 (4) Be staffed twenty-four hours a day by the appropriate number and type of personnel 47 necessary for the proper care of residents and upkeep of the facility;
  - (5) Conduct special staff training relating to the needs, care and safety of persons with Alzheimer's disease or Alzheimer's-related dementia within the first thirty days of employment;
  - (6) Utilize personal electronic monitoring devices for any resident whose physician recommends use of such device;
  - (7) Permit the resident's physician, in consultation with the family members or health care advocates of the resident, to determine whether the facility meets the needs of the resident; and
  - (8) [Be equipped with an automatic sprinkler system, in compliance with the National Fire Protection Association Code 13 or National Fire Protection Association Code 13R, and an automated fire alarm system and smoke barriers in compliance with the 1997 Life Safety Codes for Existing Health Care Occupancy; and
  - (9)] Implement a social model for the residential environment rather than an institutional medical model.
  - 4. For purposes of this section, "health care facilities for persons with Alzheimer's disease or Alzheimer's-related dementia" means facilities that are specifically designed and operated to provide elderly individuals who have chronic confusion or dementia illness, or both, with a safe, structured but flexible environment that encourages physical activity through a well-developed recreational and aging-in-place and activity program. Such program shall continually strive to promote the highest practicable physical and mental abilities and functioning of each resident.
  - 5. Nothing in this section shall be construed to prohibit project participants from accommodating a family member or other caregiver from residing with the resident in accordance with all life, health, and safety standards of the facility.

320.375. The department of public safety may promulgate rules requiring that state-owned and state-occupied offices or facilities be protected by a fire protection sprinkler system which is designed, installed, tested, repaired, and maintained in accord with fire protection industry standards. The provisions of this section shall be administered by the department of public safety. In addition, the department may 6 promulgate rules for the purpose of enforcing and administering this section. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created under 7 the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028, 10 RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the 11 effective date, or to disapprove and annul a rule are subsequently held unconstitutional, 13 then the grant of rulemaking authority and any rule proposed or adopted after August 28, 14 2007, shall be invalid and void.

- Section 1. 1. There is hereby established the "Fire Mitigation System Installer Statewide Qualification Commission". The commission shall study and review the development of a statewide standard for persons installing and inspecting fire mitigation systems. The commission shall be comprised of the following members:
- 5 (1) The directors of the departments of health and senior services, economic 6 development, and public safety, or the directors' designees;
  - (2) The following members to be appointed by the governor:
  - (a) Two individuals who have been practicing as fire mitigation system installers/inspectors for the preceding five years;
- 10 **(b)** A member of a local jurisdiction with current standards and qualifications for 11 fire mitigation system installers practicing in the jurisdiction;
  - (c) One representative from the relevant skill trade organizations; and
- 13 (d) One public citizen.

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- 2. The members of the commission shall select a chair of the commission from among its membership.
  - 3. The commission shall meet as necessary.
- 4. Commission members shall serve without compensation but shall be reimbursed for their actual and necessary expenses incurred in the performance of their official duties as members of the commission.
- 5. The commission shall submit a report to the governor and general assembly by July 1, 2008. The report shall contain recommendations either in support of or in opposition to such a statewide standard. If the commission is in support of a statewide

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- standard, the report shall also contain the recommended requirements for the statewide
- 24 standard, the estimated costs of implementing a statewide standard, and a recommended
- 25 time line for compliance with the statewide standard.
  - 6. This section shall terminate on July 1, 2008.
  - Section 2. 1. All facilities licensed under chapter 198, RSMo, shall have detailed written plans and procedures to meet all potential emergencies and disasters, such as fire, severe weather, and missing residents. Such plan shall also include a scheme to obtain an emergency electrical power system that is capable of supplying adequate power for lighting all entrances and exits of the facility, equipment to maintain the fire detector alarm and extinguishing systems, and life support systems in the event the normal electrical supply is interrupted.
  - 2. The facility shall train all employees in emergency procedures when such employees begin to work in the facility, periodically review the procedures with existing staff, and carry out unannounced staff drills using such procedures.
- Section 3. 1. There is hereby created in the state treasury the "Fire Safety Standards Loan Fund", which shall consist of money appropriated to it by the general assembly and charges, gifts, grants, and bequests from federal, private, or other sources made for the purpose of assisting facilities with implementing the provisions of subsection 4 of section 198.074. Moneys deposited in the fund shall be considered state funds under Article IV, section 15 of the Missouri Constitution. The state treasurer shall be custodian of the fund and may disburse moneys from the fund in accordance with sections 30.170 and 30.180, RSMo. Any moneys remaining in the fund at the end of the biennium shall revert to the credit of the general revenue fund. The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.
  - 2. Qualifying facilities shall make an application to the department of health and senior services upon forms provided by the department. Upon receipt of an application for a loan, the department shall review the application and advise the governor before state funds are allocated for a loan. For purposes of this section, a "qualifying facility" shall mean a facility licensed under this chapter that has been in substantial compliance with rules and regulations promulgated by the department of health and senior services within the previous year.
  - 3. The fund shall be a loan of which the interest rate shall not exceed two and one half percent.
- 4. The fund shall be a loan of which the amount of the loan shall not exceed half of the amount of expense incurred by meeting the requirements of this section.
  - 5. The fund shall be administered by the department of health and senior services.