

House _____ Amendment NO. _____

Offered By _____

1 AMEND House Committee Substitute for Senate Substitute for Senate Bill No. 597, Page 13,
2 Section 374.230, Line 27, by inserting after all of said section and line the following:

3
4 "374.900. 1. Sections 374.900 to 374.960 shall be known as the "Missouri Premium
5 Security Plan".

6 2. For the purposes of sections 374.900 to 374.960, the following terms shall mean:

7 (1) "Affordable Care Act", the federal Patient Protection and Affordable Care Act, as
8 defined in section 376.1186;

9 (2) "Attachment point", an amount as provided in subdivision (2) of subsection 2 of section
10 374.910;

11 (3) "Benefit year", the calendar year for which an eligible health carrier provides coverage
12 through an individual health insurance coverage;

13 (4) "Coinsurance rate", the rate as provided in subdivision (3) of subsection 2 of section
14 374.910;

15 (5) "Department", the Missouri department of insurance, financial institutions and
16 professional registration;

17 (6) "Director", the director of the department of insurance, financial institutions and
18 professional registration;

19 (7) "Eligible health carrier", any of the following entities that offer individual health
20 insurance coverage, incur claims costs for individual health insurance coverage, and incur claims
21 costs for an individual enrollee's covered benefits in the applicable benefit year:

22 (a) An insurance company licensed under section 375.014 to offer, sell, or issue a policy of
23 accident and sickness insurance as defined in section 376.773;

24 (b) A nonprofit health services corporation operating under section 354.090; or

25 (c) A health maintenance organization as defined in section 354.400;

26 (8) "Individual health insurance coverage", as defined in section 376.450;

27 (9) "Individual market", as defined in section 376.450;

28 (10) "Missouri premium security plan" or "plan", the state-based reinsurance program
29 authorized under section 374.910;

30 (11) "Payment parameters", the attachment point, reinsurance cap, and coinsurance rate for

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1 the plan;

2 (12) "Reinsurance cap", the threshold amount as provided in subdivision (4) of subsection 2
 3 of section 374.910;

4 (13) "Reinsurance payments", an amount paid by the department to an eligible health carrier
 5 under the plan.

6 374.905. The director shall require eligible health carriers to calculate the premium amount
 7 the eligible health carrier would have charged for the benefit year if the Missouri premium security
 8 plan had not been established. The eligible health carrier shall submit this information as part of its
 9 rate filing. The director shall consider this information as part of the rate review.

10 374.910. 1. The department shall be Missouri's reinsurance entity to administer the state-
 11 based reinsurance program referred to as the Missouri premium security plan. The department
 12 shall:

13 (1) Have the authority to apply for any available federal funding for the plan. The
 14 department shall notify the chairs and ranking minority members of the legislative committees with
 15 jurisdiction over health and senior services and insurance within ten days of receiving any federal
 16 funds;

17 (2) Collect or access data from an eligible health carrier that is necessary to determine
 18 reinsurance payments, according to the date requirements under subdivision (4) of subsection 5 of
 19 this section;

20 (3) For each applicable benefit year, notify eligible health carriers of reinsurance payments
 21 to be made for the applicable benefit year no later than June thirtieth of the year following the
 22 applicable benefit year;

23 (4) On a quarterly basis during the applicable benefit year, provide each eligible health
 24 carrier with the calculation of total reinsurance payment requests; and

25 (5) By August fifteenth of the year following the applicable benefit year, disburse all
 26 applicable reinsurance payments to an eligible health carrier.

27 2. (1) The department shall design and adjust the payment parameters to ensure the
 28 payment parameters:

29 (a) Will stabilize or reduce premium rates in the individual market;

30 (b) Will increase participation in the individual market;

31 (c) Will improve access to health care providers and services for those in the individual
 32 market;

33 (d) Mitigate the impact high-risk individuals have on premium rates in the individual
 34 market;

35 (e) Take into account any federal funding available for the plan; and

36 (f) Take into account the total amount available to fund the plan.

37 (2) The attachment point for the plan is the threshold amount for claims costs incurred by an
 38 eligible health carrier for an enrolled individual's covered benefits in a benefit year, beyond which
 39 the claims costs for benefits are eligible for reinsurance payments. The attachment point shall be set
 40 by the department at a figure between fifty thousand dollars and the reinsurance cap.

41 (3) The coinsurance rate for the plan is the rate at which the department shall reimburse an

1 eligible health carrier for an enrolled individual's covered benefits in a benefit year above the
2 attachment point and below the reinsurance cap. The coinsurance rate shall be set by the
3 department at a rate between fifty and eighty percent.

4 (4) The reinsurance cap is the threshold amount for claims costs incurred by an eligible
5 health carrier for an enrolled individual's covered benefits, after which the claims costs for benefits
6 are no longer eligible for reinsurance payments. The reinsurance cap shall be set by the department
7 at less than two hundred fifty thousand dollars.

8 (5) The department may adjust the payment parameters to the extent necessary to secure
9 federal approval of the state innovation waiver request under section 374.925.

10 3. (1) The director shall determine the payment parameters for the next benefit year by
11 January fifteenth of the year before the applicable benefit year.

12 (2) If the amount in the premium security plan account established under section 374.920 is
13 not anticipated to be adequate to fully fund the approved payment parameters as of July first of the
14 year before the applicable benefit year, the director shall propose payment parameters within the
15 available appropriations. The director shall permit an eligible health carrier to revise an applicable
16 rate filing based on the final payment parameters for the next benefit year.

17 4. Each reinsurance payment shall be calculated with respect to an eligible health carrier's
18 incurred claims costs for an individual enrollee's covered benefits in the applicable benefit year. If
19 the claims costs do not exceed the attachment point, the reinsurance payment is zero dollars. If the
20 claims costs exceed the attachment point, the reinsurance payment shall be calculated as the product
21 of the coinsurance rate and the lesser of the claims costs minus the attachment point or the
22 reinsurance cap minus the attachment point. The department shall ensure that reinsurance payments
23 made to eligible health carriers do not exceed the total amount paid by the eligible health carrier for
24 an eligible claim.

25 5. (1) An eligible health carrier may request reinsurance payments from the department
26 when the eligible health carrier meets the requirements of this subsection and subsection 4 of this
27 section.

28 (2) An eligible health carrier shall make requests for reinsurance payments in accordance
29 with any requirements established by the department.

30 (3) An eligible health carrier shall provide the department with access to the data within the
31 dedicated data environment established by the eligible health carrier under the federal risk
32 adjustment program under 42 U.S.C. Section 18063. Eligible health carriers shall submit an
33 attestation to the department asserting compliance with the dedicated data environments, data
34 requirements, establishment and usage of masked enrollee identification numbers, and data
35 submission deadlines.

36 (4) An eligible health carrier shall provide the access described in subdivision (3) of this
37 subsection for the applicable benefit year by April thirtieth of each year of the year following the
38 applicable benefit year.

39 (5) An eligible health carrier shall maintain documents and records, whether paper,
40 electronic, or in other media, sufficient to substantiate the requests for reinsurance payments made
41 under this section for a period of at least six years. An eligible health carrier shall also make those

documents and records available upon request from the director for the purposes of verification, investigation, audit, or other review of reinsurance payment requests.

(6) The department shall have an eligible health carrier audited to assess the health carrier's compliance with the requirements of this section when there is evidence of noncompliance. The eligible health carrier shall ensure that its contractors, subcontractors, or agents cooperate with any audit under this section. If an audit results in a proposed finding of material weakness or significant deficiency with respect to compliance with any requirement of this section, the eligible health carrier may provide a response to the proposed finding within thirty days. Within thirty days of the issuance of a final audit report that includes a finding of material weakness or significant deficiency, the eligible health carrier shall:

(a) Provide a written corrective action plan to the department for approval;

(b) Implement the approved plan; and

(c) Provide the department with written documentation that the eligible health carrier has taken corrective action.

374.915. 1. The department shall keep an accounting for each benefit year that illustrates:

(1) Funds appropriated for reinsurance payments and administrative and operational expenses related to the administration of the plan;

(2) Requests for reinsurance payments received from eligible health carriers;

(3) Reinsurance payments made to eligible health carriers; and

(4) Administrative and operational expenses incurred for the plan.

2. The director shall make available to the public a report summarizing the plan operations for each benefit year by posting the summary on the department's web page and making the summary otherwise available by November first of the year following the applicable benefit year or sixty calendar days following the final disbursement of reinsurance payments for the applicable benefit year, whichever is later.

3. (1) The department shall engage and cooperate with an independent certified public accountant or certified public accountant firm licenced or permitted to perform an audit for each benefit year of the plan. The audit shall at a minimum:

(a) Assess compliance with the requirements of sections 374.905 to 374.920; and

(b) Identify any material weaknesses or significant deficiencies and address manners in which to correct any such weaknesses or deficiencies.

(2) The department, after receiving the completed audit, shall:

(a) Provide the director with the results of the audit;

(b) Identify to the director any material weaknesses or significant deficiencies identified in the audit and address, in writing, how the department intends to correct any such weakness or deficiency, in compliance with subsection 4 of this section; and

(c) Make public the results of the audit, to the extent that the audit contains government data that is public, including any material weaknesses or significant deficiencies and how the department intends to correct any such weakness or deficiency, by posting the audit results on the department web page and making the audit results otherwise available.

4. (1) If an audit results in a finding of material weakness or significant deficiency with

1 respect to compliance by the department with any requirement under sections 374.905 to 374.920,
 2 the department shall:

3 (a) Create a written corrective action plan to be approved by the director within sixty days of
 4 the completed audit;

5 (b) Implement the corrective action plan; and

6 (c) Record written documentation of the corrective actions taken.

7 (2) By December first of each year, the department shall submit a report to the standing
 8 committees of the legislature having jurisdiction over health and senior services and insurance
 9 regarding any finding of material weakness or significant deficiency found in an audit.

10 374.920. 1. There is hereby created in the state treasury the "Missouri Premium Security
 11 Plan Fund", which shall consist of moneys collected under sections 374.900 to 374.960. The state
 12 treasurer shall be custodian of the fund. In accordance with sections 30.170 and 30.180, the state
 13 treasurer may approve disbursements. The fund shall be a dedicated fund and, upon appropriation,
 14 moneys in the fund shall be used solely for the administration of sections 374.900 to 374.960.

15 2. Notwithstanding the provisions of section 33.080 to the contrary, any moneys remaining
 16 in the fund at the end of the biennium shall not revert to the credit of the general revenue fund.

17 3. The state treasurer shall invest moneys in the fund in the same manner as other funds are
 18 invested. Any interest and moneys earned on such investments shall be credited to the fund.

19 374.925. 1. The director shall apply to the Secretary of Health and Human Services under
 20 42 U.S.C. Section 18052 for a state innovation waiver to implement the Missouri premium security
 21 plan for benefit years beginning January 1, 2019, and future years, to maximize federal funding for
 22 the plan. The waiver application shall clearly state the operation of the Missouri premium security
 23 plan is contingent on approval of the waiver request.

24 2. In developing the waiver application, the director shall consult with the director of the
 25 department of health and senior services.

26 3. The director shall submit the waiver application to the Secretary of Health and Human
 27 Services on or before June 15, 2018. The director shall make a draft application available for
 28 legislative comment, changes, and approval prior to submission. The director shall notify the chairs
 29 and ranking minority members of the legislative committees with jurisdiction over health and senior
 30 services and insurance of any federal actions regarding the waiver request.

31 374.930. A state department that incurs administrative costs to implement any provision of
 32 sections 374.900 to 374.960 that does not receive an appropriation for administrative costs of
 33 sections 374.900 to 374.960 shall implement sections 374.900 to 374.960 within the limits of
 34 existing appropriations.

35 374.935. If the state innovation waiver request in section 374.925 is not approved, the
 36 department shall not administer the plan nor provide reinsurance payments to the eligible health
 37 carriers.

38 374.940. 1. Notwithstanding section 374.910 and subsection 2 of this section, the plan
 39 payment parameters for benefit year 2019 are:

40 (1) An attachment point of fifty thousand dollars;

41 (2) A coinsurance rate of sixty-five percent; and

1 (3) A reinsurance cap of two hundred fifty thousand dollars.

2 2. The department shall alter the payment parameters to the extent necessary to secure
3 federal approval of the state innovation waiver request in section 374.925.

4 374.945. Notwithstanding any law to the contrary, the department shall have the authority
5 over the disposition and settlement of the fund created under section 374.920.

6 374.950. A legislative working group is established consisting of the chairs and ranking
7 minority members of the senate committees with jurisdiction over commerce, health and senior
8 services finance and policy, health services reform and policy and the chairs and ranking minority
9 members of the house of representatives committees with jurisdiction over commerce and
10 regulatory reform, health and senior services finance, and health and senior services reform. The
11 purpose of the working group is to advise the department on the adoption of payment parameters
12 and other elements of a reinsurance plan for benefit year 2020. Technical assistance for the working
13 group shall be provided by one health insurance expert not currently in the industry selected by the
14 majority members of the working group and one health insurance expert not currently in the
15 industry selected by minority members of the working group. The technical assistants shall review
16 and monitor the following to serve as a resource for the working group:

17 (1) The effectiveness of the reinsurance models adopted in Alaska, Minnesota, and other
18 states in stabilizing the premiums of the individual market and the related costs thereof; and

19 (2) The effect of federal health reform legislation on the Missouri premium security plan
20 including, but not limited to, funding for the plan.

21 374.960. The department may promulgate rules for the implementation of sections 374.900
22 to 374.960. Any rule or portion of a rule, as that term is defined in section 536.010, that is created
23 under the authority delegated in this section shall become effective only if it complies with and is
24 subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and
25 chapter 536 are nonseverable, and if any of the powers vested with the general assembly pursuant to
26 chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently
27 held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after
28 August 28, 2018, shall be invalid and void."; and

29
30 Further amend said bill, Page 36, Section B, Line 2, by inserting after all of said section and line the
31 following:

32
33 "Section C. Because immediate action is necessary to secure federal funding for the
34 Missouri premium security plan the enactment of section 374.925 of Section A of this act is deemed
35 necessary for the immediate preservation of the public health, welfare, peace, and safety, and is
36 hereby declared to be an emergency act within the meaning of the constitution, and the enactment of
37 section 374.925 of section A of this act shall be in full force and effect upon its passage and
38 approval."; and

39
40 Further amend said bill by amending the title, enacting clause, and intersectional references
41 accordingly.