



Governmental Services Group

The Missouri General Assembly experienced a condensed work week after having Monday off in honor of Martin Luther King Jr. Day. Despite it being a short week, the legislature picked up the pace, transitioning into substantive debates over tax relief and emerging technology. As House and Senate committees begin vetting hundreds of filed proposals, the legislative focus has shifted toward targeted economic relief and long-term regulatory updates. Leadership continues to prioritize measures that address the rising cost of living while looking toward the future of Missouri's infrastructure and transportation economy.

A primary highlight of the week was the renewed push to eliminate the state sales tax on essential infant care items, including diapers, wipes, and formula. During committee hearings, lawmakers from both sides of the aisle weighed the fiscal impact of the tax cut against the immediate relief it would provide to Missouri families struggling with inflation. Supporters argued that such a move is a logical extension of the state's previous efforts to eliminate the feminine care product tax, positioning Missouri as a leader in reducing the financial burden of necessity-based goods.

Lawmakers also took a significant step toward a high-tech transportation future as the House Special Committee on Innovation and Technology advanced legislation to legalize and regulate driverless cars. The proposed bills would establish a uniform statewide framework for the operation of fully autonomous vehicles, preempting local regulations. This move is viewed as an attempt to attract investment from the autonomous freight and ride-sharing industries, though lawmakers spent considerable time debating the safety protocols and liability shifts necessitated by removing a human driver from the equation.

Beyond these specific measures, the Capitol remained a hive of activity as budget discussions began to take shape following the Governor's recent state-of-the-state priorities. During the appropriation meetings this week, news came to light that officials discovered a \$250 million accounting error that slightly improves the state's financial outlook; however, this is unlikely to result in any new spending. The mistake occurred because more than \$100 million in disaster relief and other appropriations were double counted in budget projections. Despite the correction, Budget Director Dan Haug and other officials warned that the state still faces a significant "spending squeeze" due to expensive tax cuts, the depletion of pandemic-era reserves, and a projected \$1 billion revenue shortfall in the coming year. Lawmakers are being advised to maintain tight fiscal control rather than viewing the \$250 million as extra money for new projects. With the Governor and legislature making income tax elimination a top priority, this adds to concerns in the building that we are putting undo stress on state revenue.

In the coming weeks, we expect to see further debates on tax reform and a heavier focus on budget bills. We will continue to monitor these developments closely as they move toward the floor for full debate.

As a major winter storm approaches Missouri, we wish everyone a safe and warm weekend. Please be aware that the weather could potentially cause delays for the legislative session. Currently, the House and Senate are scheduled to convene Monday at 4:00 PM, with several hearings also scheduled for that afternoon.

MO Healthnet Work Requirements

HJR154, sponsored by Representative Chappell, proposes a constitutional amendment relating to MO HealthNet work requirements.

If approved by voters, this constitutional amendment would require the Department of Social Services, MO HealthNet Division to implement work requirements for applicable individuals, as defined in the bill. Applicable individuals must demonstrate compliance with the work requirements for the three consecutive months preceding the month during which the individual applies, and no applicable individual will remain enrolled in MO HealthNet unless compliance has been demonstrated.

The bill specifies that those seeking an exemption from the work requirements must provide documentation for the exemption sought. The Department is prohibited from seeking or implementing any additional optional exemptions provided for by federal law, unless a general statute law expressly authorizes the implementation of the exemption. Additionally, the Department is prohibited from accepting exemption designations, approvals, or determinations by a managed care organization.

Currently, the Department is required to take all actions necessary to maximize federal financial participation in funding medical assistance. This bill repeals that requirement.

Currently, no greater or additional burdens or restrictions on eligibility or enrollment standard, methodologies, or practices can be imposed on persons eligible for MO HealthNet services than on any other population eligible for medical assistance. This bill repeals that restriction

This bill was voted out of the House Legislative Review Committee DO PASS.

Hospital Investments

SB1019, sponsored by Senator Crawford, modifies the investment authority of boards of trustees of municipal hospitals in third class cities and hospital district hospitals. Current law permits investment of up to 25% of funds not required for operations of the hospital or other obligations. This act permits investment of up to 50% of funds not required for operations or other obligations in a manner described in the act, with the remaining portion to be invested into any investment in which the Treasurer is allowed to invest.

Under this act, municipal hospitals in third class cities may operate in areas where hospital district hospitals and county hospitals operate. Hospital district hospitals may operate in areas where municipal hospitals in third class cities and county hospitals operate.

This bill had a hearing in the Senate General Laws Committee this week.

In support of the bill was Golden Valley Healthcare.

There was no opposition to the bill.

The House companion bill, HB 2146, sponsored by Representative Kalberhol, modifies provisions relating to the operation of, and investment of moneys by, certain hospitals. This bill was voted out of the House Health and Mental Health Committee DO PASS.

Pharmacy Benefit Managers

SB968, sponsored by Senator Fitzwater, modifies provisions relating to pharmacy benefits managers. Under this act, no pharmacy benefits manager shall prohibit or limit a covered person from selecting a pharmacy or pharmacist of their choice or impose a monetary advantage or penalty that would affect a covered person's choice if a pharmacy or pharmacist has agreed to participate in a covered person's health benefit plan. A pharmacy benefits manager shall not impose upon a pharmacy or pharmacist any course of study, accreditation, certification, or credentialing as a condition of participation that is inconsistent with, more stringent than, or in addition to what is required under state law. Additionally, a pharmacy benefits manager shall not pay or reimburse a pharmacy or pharmacist for an amount less than the most recently published National Average Drug Acquisition Cost (NADAC) for a prescription drug.

This act requires a pharmacy benefits manager to reimburse pharmacies for a drug at an amount that is the greater of the maximum allowable cost (MAC) pricing or the current NADAC pricing. Additionally, no pharmacy benefits manager shall retaliate against a contracted pharmacy for exercising its right to appeal a reimbursement dispute to the pharmacy benefits manager.

A pharmacy benefits manager shall reimburse any pharmacist or pharmacy located in this state for an amount equal to what the pharmacy benefits manager reimburses a pharmacy benefits manager affiliate for dispensing the same prescription drug.

Finally, in addition to the reimbursement amounts determined by the MAC and NADAC, a pharmacy benefits manager shall reimburse a pharmacy or pharmacist a dispensing fee no less than 90% of the MO HealthNet professional dispensing fee in effect on the date of service.

This bill was heard in the Senate Seniors Families and Children Committee this week.

In support of the bill was MASMA, MAOPS, Pharmax Pharmacy, Missouri Pharmacy Association, MPA, MOPBC, PBM Reform, MO Pharmacy Business Council, and MO Pharmacy Association.

In opposition to the bill was the Pharmaceutical Care Management Association, Mid America Corporates Regional Council, Missouri Insurance Coalition MO Chamber of Commerce, and America's Health Insurance Plans.

Pharmacy Benefit Managers

SB 984, sponsored by Senator Carter, modifies provisions relating to pharmacy benefit managers. his act adds definitions for the terms "audit" and "entity" for the purposes of audits of

licensed pharmacies. Current law requires a one week notice for any on-site audit. This act increases such notice to fourteen days and requires the notice to specify specific prescriptions to be audited. A pharmacy shall have the right to submit amended claims within thirty days of the discovery of an error. Audits shall be limited to twenty-five prescriptions that are randomly selected, and the act provides that recoupment shall only occur following the correction of a claim, as described in the act. No audit shall occur during the first five business days, rather than the first three of any months.

This act modifies the definition of "covered person" and adds definitions for "pharmacy benefits manager rebate aggregator", "pharmacy claims data", and "rebate" for the purposes of regulating costs charged to covered persons for prescription drugs. Additionally, PBMs are prohibited from including a provision in a contract that requires payment for a prescription drug that exceeds the lesser of either the copayment amount or the amount the person would pay if they paid in cash. This act provides that the price shall also not exceed the contracted rate the pharmacy would be reimbursed for the drug.

This act modifies several definitions and adds new definitions for the purpose of regulating contracts between pharmacy benefits managers and pharmacies. The act also adds several provisions relating to contracts between PBMs and pharmacies, including providing plan sponsors with pharmacy claims data, submitting documentation of any benefit design that encourages or requires the use of affiliated pharmacies, a PBM's fiduciary duty to a plan sponsor, and authorizing the Department of Commerce and Insurance to conduct audits of PBMs.

This bill had a hearing in the Senate Seniors Families and Children Committee this week.

In support of the bill was MO Pharmacy Business Council, MO Pharmacy Association, MPA, MOPBC, PBM Reform, Armorvine, Gateway Business Health Coalition, Freeman Health System, and Pharmax Pharmacy,

In opposition to the bill was the Pharmaceutical Care Management, Mid America Corporates Regional Council, MO Chamber of Commerce, Americans Health insurance Plans, and Missouri Insurance Coalition.

Alternatives to Opioid Drugs

This week the House Health Policy heard four bills that each creates provisions relating to insurance coverage of alternatives to opioid drugs. All four bills, HB 2642, HB 1680, HB 1966, and HB 2296, were heard together in Committee.

HB 1680: <https://documents.house.mo.gov/billtracking/bills261/sumpdf/HB1680I.pdf>

HB 1966: <https://documents.house.mo.gov/billtracking/bills261/sumpdf/HB1966I.pdf>

HB 2296: <https://documents.house.mo.gov/billtracking/bills261/sumpdf/HB2296I.pdf>

HB 2642: <https://documents.house.mo.gov/billtracking/bills261/sumpdf/HB2642I.pdf>

In support of the bills were National Association of Social Workers, Reach Healthcare Foundation, ArmorVine, PreventEd, Assisted Recovery Centers of America, and RecoVet Healthcare.

In opposition to the bill was Missouri Insurance Coalition and Americas Health Insurance Plans.