

HOUSE No. 00338

The Commonwealth of Massachusetts

PRESENTED BY:

Jason M. Lewis and

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act to provide improved Medicare for all.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Jason M. Lewis</i>	<i>31st Middlesex</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>
<i>Kay Khan</i>	<i>11th Middlesex</i>
<i>Peter V. Kocot</i>	<i>1st Hampshire</i>
<i>Frank I. Smizik</i>	<i>15th Norfolk</i>
<i>William N. Brownsberger</i>	<i>24th Middlesex</i>
<i>John P. Fresolo</i>	<i>16th Worcester</i>
<i>Patricia D. Jehlen</i>	<i>Second Middlesex</i>
<i>Stephen Kulik</i>	<i>1st Franklin</i>
<i>Cory Atkins</i>	<i>14th Middlesex</i>
<i>Ruth B. Balsler</i>	<i>12th Middlesex</i>
<i>Anne M. Gobi</i>	<i>5th Worcester</i>
<i>Paul Mark</i>	<i>2nd Berkshire</i>
<i>Sarah K. Peake</i>	<i>4th Barnstable</i>
<i>William "Smitty" Pignatelli</i>	<i>4th Berkshire</i>
<i>Tom Sannicandro</i>	<i>7th Middlesex</i>
<i>Carl M. Sciortino, Jr.</i>	<i>34th Middlesex</i>

<i>Christine E. Canavan</i>	<i>10th Plymouth</i>
<i>Jonathan Hecht</i>	<i>29th Middlesex</i>
<i>John W. Scibak</i>	<i>2nd Hampshire</i>
<i>Denise Andrews</i>	<i>2nd Franklin</i>
<i>Byron Rushing</i>	<i>9th Suffolk</i>
<i>Martha M. Walz</i>	<i>8th Suffolk</i>
<i>Gailanne Cariddi</i>	<i>1st Berkshire</i>
<i>James J. O'Day</i>	<i>14th Worcester</i>
<i>Marcos A. Devers</i>	<i>16th Essex</i>
<i>Christopher N. Speranzo</i>	<i>3rd Berkshire</i>
<i>Ellen Story</i>	<i>3rd Hampshire</i>
<i>Benjamin Swan</i>	<i>11th Hampden</i>
<i>Cleon H. Turner</i>	<i>1st Barnstable</i>
<i>Gloria L. Fox</i>	<i>7th Suffolk</i>
<i>Alice K. Wolf</i>	<i>25th Middlesex</i>

HOUSE No. 00338

By Mr. Lewis of Winchester, petition (accompanied by Bill, House, No. 00338) of James Eldridge and others for legislation to establish a single-payer health insurance trust fund. Joint Committee on Health Care Financing.

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act to provide improved Medicare for all.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 The Massachusetts General Laws are hereby amended by adding the following new chapter:–
- 2 CHAPTER ____
- 3 MASSACHUSETTS HEALTH CARE TRUST
- 4 Table of Contents
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- 17 • Section 13: Eligible Participants
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- 22 • Section 18: Establishment of the Health Care Trust Fund
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27 o 20.C: Consolidating Public Health Care Spending and Collateral Sources of Revenue

28 § 20.C.1: Consolidation of State and Municipal Health Care Spending

29 § 20.C.2: Federal Sources of Revenue

30 § 20.C.3: Collection of Collateral Sources of Revenue

31 § 20.C.4: Retention of Funds

32 o 20.D: Transitional Provisions

33 • Section 21: Insurance Reforms

34 • Section 22: Health Trust Regulatory Authority

35 • Section 23: Implementation of the Health Care Trust

36 Section 1: Preamble.

37 The foundation for a productive and healthy Massachusetts is a health care system that provides
38 equal access to quality health care for all its residents. Massachusetts spends more on health care
39 per capita than any other state or country in the world, causing undue hardship for the state,
40 municipalities, businesses, and residents, but without achieving universal access to quality health
41 care. The Health Care Trust Medicare for All will allow us to achieve and sustain the three main
42 pillars of a just, efficient health care system: cost control and affordability, universal access, and
43 high quality medical care.

44 (a) COST CONTROL AND AFFORDABILITY

45 Controlling costs is the most important component of establishing a sustainable health care
46 system for the Commonwealth. The Health Care Trust will control costs by establishing a global
47 budget, by achieving significant savings on administrative overhead through consolidating the
48 financing of our health care system, by bulk purchasing of pharmaceuticals and medical supplies,
49 and by more efficient use of our health care facilities. The present fragment health care system
50 also leads to a lack of prevention. By integrating services and removing barriers to access, the
51 Health Care Trust will lead to early detection and intervention, often avoiding more serious
52 illnesses and more costly treatment.

53 (b) UNIVERSAL EQUITABLE ACCESS

54 Hundreds of thousands of Massachusetts residents still lack health insurance coverage of any
55 sort. Even more residents are covered by plans requiring high deductibles and co-payments that
56 make medical care unaffordable even for the insured. The Health Care Trust will provide health
57 care access to all residents without regard to financial status, ethnicity, gender, previous health
58 problems, or geographic location. Coverage will be continuous and affordable for individuals
59 and families, since there will be no financial barriers to access such as co-pays or deductibles.

60 (c) QUALITY OF CARE

61 The World Health Organization rates health outcomes in the United States health care system
62 lower than those of almost all other industrialized countries, and a number of developing
63 countries as well. Poor health outcomes result from the lack of universal access, the lack of
64 oversight on quality due to the fragmentation and complexity of our health care system, and the
65 frequent lack of preventive and comprehensive care benefits offered under commercial health
66 plans. The Trust will reduce errors through information technology, improve medical care by

67 eliminating much of the present administrative complexity, and emphasize culturally competent
68 outreach and care. It will provide for input from patients on the functioning of the health delivery
69 system.

70 Section 2: Definitions.

71 The following words and phrases shall have the following meanings, except where the context
72 clearly requires otherwise:—

73 “Board” means the board of trustees of the Massachusetts Health Care Trust.

74 “Employer” means every person, partnership, association, corporation, trustee, receiver, the legal
75 representatives of a deceased employer and every other person, including any person or
76 corporation operating a railroad and any public service corporation, the state, county, municipal
77 corporation, township, school or road, school board, board of education, curators, managers or
78 control commission, board or any other political subdivision, corporation, or quasi-corporation,
79 or city or town under special charter, or under the commission for of government, using the
80 service of another for pay in the commonwealth.

81 “Executive Director” means the executive director of the Massachusetts Health Care Trust.

82 “Health care” means care provided to a specific individual by a licensed health care professional
83 to promote physical and mental health, to treat illness and injury and to prevent illness and
84 injury.

85 “Health care facility” means any facility or institution, whether public or private, proprietary or
86 nonprofit, that is organized, maintained, and operated for health maintenance or for the

87 prevention, diagnosis, care and treatment of human illness, physical or mental, for one or more
88 persons.

89 “Health care provider” means any professional person, medical group, independent practice
90 association, organization, health care facility, or other person or institution licensed or authorized
91 by law to provide professional health care services to an individual in the commonwealth.

92 “Health maintenance organization” means a provider organization that meets the following
93 criteria:

94 (1) Is fully integrated operationally and clinically to provide a broad range of health care
95 services;

96 (2) Is compensated using capitation or overall operating budget; and

97 (3) Provides health care services primarily through direct care providers who are either
98 employees or partners of the organization, or through arrangements with direct care providers or
99 one or more groups of physicians, organized on a group practice or individual practice basis.

100 “Professional advisory committee” means a committee of advisors appointed by the director of
101 the Administrative, Planning, Information, Technology, or any Regional division of the
102 Massachusetts Health Care Trust.

103 “Resident” means a person who lives in Massachusetts as evidenced by an intent to continue to
104 live in Massachusetts and to return to Massachusetts if temporarily absent, coupled with an act or
105 acts consistent with that intent. The Trust shall adopt standards and procedures for determining
106 whether a person is a resident. Such rules shall include:

107 (1) a provision requiring that the person seeking resident status has the burden of proof in such
108 determination;

109 (2) a provision requiring reasonable durational domicile requirements not to exceed 2 years for
110 long term care and 90 days for all other covered services;

111 (3) a provision that a residence established for the purpose of seeking health care shall not by
112 itself establish that a person is a resident of the commonwealth; and

113 (4) a provision that, for the purposes of this chapter, the terms “domicile” and “dwelling place”
114 are not limited to any particular structure or interest in real property and specifically includes
115 homeless individuals with the intent to live and return to Massachusetts if temporarily absent
116 coupled with an act or acts consistent with that intent.

117 “Secretary” means the secretary of the executive office of health and human services.

118 “Trust” means the Massachusetts Health Care Trust established in section five of this chapter.

119 “Trust Fund” means the Massachusetts Health Care Trust Fund established in section
120 eightennineteen of this chapter.

121 Section 3. Establishment of the Massachusetts Health Care Trust.

122 There is hereby created an independent body, politic and corporate, to be known as the
123 Massachusetts Health Care Trust, hereinafter referred to as the Trust, to function as the single
124 public agency, or “single payer,” responsible for the collection and disbursement of funds
125 required to provide health care services for every resident of the Commonwealth. The Trust is
126 hereby constituted a public instrumentality of the commonwealth and the exercise by the Trust of
127 the powers conferred by this chapter shall be deemed and held the performance of an essential

128 governmental function. The Trust is hereby placed in the executive office of the health and
129 human services, but shall not be subject to the supervision or control of said office or of any
130 board, bureau, department or other agency of the commonwealth except as specifically provided
131 by this chapter.

132 The provisions of chapter two hundred sixty-eight A shall apply to all trustees, officers and
133 employees of the Trust, except that the Trust may purchase from, contract with or otherwise deal
134 with any organization in which any trustee is interested or involved: provided, however, that
135 such interest or involvement is disclosed in advance to the trustees and recorded in the minutes
136 of the proceedings of the Trust: and provided, further, that a trustee having such interest or
137 involvement may not participate in any decision relating to such organization.

138 Neither the Trust nor any of its officers, trustees, employees, consultants or advisors shall be
139 subject to the provisions of section three B of chapter seven, sections nine A, forty-five, forty-six
140 and fifty-two of chapter thirty, chapter thirty B or chapter thirty-one: provided, however, that in
141 purchasing goods and services, the corporation shall at all times follow generally accepted good
142 business practices.

143 All officers and employees of the Trust having access to its cash or negotiable securities shall
144 give bond to the Trust at its expense, in such amount and with such surety as the board of
145 trustees shall prescribe. The persons required to give bond may be included in one or more
146 blanket or scheduled bonds.

147 Trustees, officers and advisors who are not regular, compensated employees of the Trust shall
148 not be liable to the commonwealth, to the Trust or to any other person as a result of their
149 activities, whether ministerial or discretionary, as such trustees, officers or advisors except for

150 willful dishonesty or intentional violations of law. The board of the Trust may purchase liability
151 insurance for trustees, officers, advisors and employees and may indemnify said persons against
152 the claims of others.

153 Section 4: Powers of the Trust.

154 The Trust shall have the following powers:

155 (1) to make, amend and repeal by-laws, rules and regulations for the management of its affairs;

156 (2) to adopt an official seal;

157 (3) to sue and be sued in its own name;

158 (4) to make contracts and execute all instruments necessary or convenient for the carrying on of
159 the purposes of this chapter;

160 (5) to acquire, own, hold, dispose of and encumber personal, real or intellectual property of any
161 nature or any interest therein;

162 (6) to enter into agreements or transactions with any federal, state or municipal agency or other
163 public institution or with any private individual, partnership, firm, corporation, association or
164 other entity;

165 (7) to appear on its own behalf before boards, commissions, departments or other agencies of
166 federal, state or municipal government;

167 (8) to appoint officers and to engage and employ employees, including legal counsel,
168 consultants, agents and advisors and prescribe their duties and fix their compensations;

169 (9) to establish advisory boards;

170 (10) to procure insurance against any losses in connection with its property in such amounts, and

171 from such insurers, as may be necessary or desirable;

172 (11) to invest any funds held in reserves or sinking funds, or any funds not required for

173 immediate disbursement, in such investments as may be lawful for fiduciaries in the

174 commonwealth pursuant to sections thirty-eight and thirty-eight A of chapter twenty nine

175 (12) to accept, hold, use, apply, and dispose of any and all donations, grants, bequests and

176 devises, conditional or otherwise, of money, property, services or other things of value which

177 may be received from the United States or any agency thereof, any governmental agency, any

178 institution, person, firm or corporation, public or private, such donations, grants, bequests and

179 devises to be held, used, applied or disposed for any or all of the purposes specified in this

180 chapter and in accordance with the terms and conditions of any such grant. Â Receipt of each

181 such donation or grant shall be detailed in the annual report of the Trust; such annual report shall

182 include the identity of the donor, lender, the nature of the transaction and any condition attaching

183 thereto;

184 (13) to do any and all other things necessary and convenient to carry out the purposes of this

185 chapters.

186 Section 5: Purposes of the Trust.

187 The purposes of the Massachusetts Health Care Trust shall include the following:

188 (1) To guarantee every Massachusetts resident access to high quality health care by:

189 (a) providing reimbursement for all medically appropriate health care services offered by the
190 eligible provider or facility of each resident's choice;

191 (b) funding capital investments for adequate health care facilities and resources statewide

192 (2) To save money by replacing the current mixture of public and private health care plans with a
193 uniform and comprehensive health care plan available to every Massachusetts resident;

194 (3) To replace the redundant private and public bureaucracies required to support the current
195 system with a single administrative and payment mechanism for covered health care services;

196 (4) To use administrative and other savings to:

197 (a) expand covered health care services;

198 (b) contain health care cost increases; and

199 (c) create provider incentives to innovate and compete by improving health care service quality
200 and delivery to patients;

201 (5) To fund, approve and coordinate capital improvements in excess of a threshold to be
202 determined annually by the executive director to qualified health care facilities to:

203 (a) avoid unnecessary duplication of health care facilities and resources; and

204 (b) encourage expansion or location of health care providers and health care facilities in
205 underserved communities;

206 (6) To assure the continued excellence of professional training and research at Massachusetts
207 health care facilities;

208 (7) To achieve measurable improvement in health care outcomes;

209 (8) To prevent disease and disability and maintain or improve health and functionality;

210 (9) To ensure that all Massachusetts residents receive care appropriate to their special needs as

211 well as care that is culturally and linguistically competent;

212 (10) To increase satisfaction with the health care system among health care providers,

213 consumers, and the employers and employees of the commonwealth;

214 (11) To implement policies which strengthen and improve culturally and linguistically sensitive

215 care;

216 (12) To develop an integrated population-based health care database to support health care

217 planning; and

218 (13) To fund training and re-training programs for professional and non-professional workers in

219 the health care sector displaced as a direct result of implementation of this chapter.

220 Section 6: Board of Trustees -; Composition,; Powers, and Duties.

221 The Trust shall be governed by a board of trustees with twenty-three members. The board shall

222 include the secretary of health and human services, the secretary of administration and finance,

223 and the commissioner of public health.

224 The Governor shall appoint: three trustees nominated by organizations of health care

225 professionals who deliver direct patient care; one nominated by a statewide organization of

226 health care facilities; one nominated by an organization representing non-health care employers;

227 and a health care economist.

228 The Attorney General shall appoint: one trustee nominated by a statewide labor organization;
229 two trustees nominated by statewide organizations who have a record of advocating for universal
230 single payer health care in Massachusetts; one nominated by an organization representing
231 Massachusetts senior citizens; one nominated by a statewide organization defending the rights of
232 children; and one nominated by an organization providing legal services to low-income clients.

233 In addition, eight trustees, who are eligible to receive the benefits of the Massachusetts Health
234 Care Trust but who do not fall into any of the aforementioned categories, shall be elected by the
235 citizens of the Commonwealth, one from each of the Governor's Council districts. Candidates
236 shall run in accordance with Fair Campaign Financing Rules. In order to provide for staggered
237 terms, from the first eight to be elected, two shall be elected for two years, three for three years,
238 and three for four years. Afterwards, all elected trustees shall be elected for four-year terms. All
239 elected trustees shall be eligible for reelection, which would enable them to serve a maximum of
240 eight consecutive years.

241 Each appointed trustee shall serve a term of five years: provided, however, that initially four
242 appointed trustees shall serve three year terms, four appointed trustees shall serve four year
243 terms, and four appointed trustees shall serve five year terms. The initial appointed trustees shall
244 be assigned to a three, four, or five year term by lot. Any person appointed to fill a vacancy on
245 the board shall serve for the unexpired term of the predecessor trustee. Any appointed trustee
246 shall be eligible for reappointment. Any appointed trustee may be removed from his appointment
247 by the governor for just cause.

248 The board shall elect a chair from among its members every two years. Ten trustees shall
249 constitute a quorum and the affirmative vote of a majority of the trustees present and eligible to

250 vote at a meeting shall be necessary for any action to be taken by the board. The board of trustees
251 shall meet at least ten times each year and will have final authority over the activities of the
252 Trust.

253 The trustees shall be reimbursed for actual and necessary expenses and loss of income incurred
254 for each full day serving in the performance of their duties to the extent that reimbursement of
255 those expenses is not otherwise provided or payable by another public agency or agencies. For
256 purposes of this section, “full day of attending a meeting” shall mean presence at, and
257 participation in, not less than 75 percent of the total meeting time of the board during any
258 particular 24-hour period.

259 No member of the board of trustees shall make, participate in making, or in any way attempt to
260 use his or her official position to influence a governmental decision in which he or she knows or
261 has reason to know that he or she, or a family member or a business partner or colleague has a
262 financial interest.

263 In general, the board is responsible for ensuring universal access to high quality, affordable
264 health care for every resident of the Commonwealth. The Board shall specifically address all of
265 the following:

- 266 (1) Establish policy on medical issues, population-based public health issues, research priorities,
267 scope of services, expanding access to care, and evaluation of the performance of the system;
- 268 (2) Evaluate proposals from the executive director and others for innovative approaches to health
269 promotion, disease and injury prevention, health education and research, and health care
270 delivery.

271 (3) Establish standards and criteria by which requests by health facilities for capital
272 improvements shall be evaluated.

273 Section 7: Executive Director -; Purpose and Duties.

274 The board of trustees shall hire an executive director who shall be the executive and
275 administrative head of the Trust and shall be responsible for administering and enforcing the
276 provisions of law relative to the Trust.

277 The executive director may, as s/he deems necessary or suitable for the effective administration
278 and proper performance of the duties of the Trust and subject to the approval of the board of
279 trustees, do the following:

280 (1) adopt, amend, alter, repeal and enforce, all such reasonable rules, regulations and orders as
281 may be necessary;

282 (2) appoint and remove employees and consultants: provided, however, that, subject to the
283 availability of funds in the Trust, at least one employee shall be hired to serve as director of each
284 of the divisions created in sections eight through twelve, inclusive, of this chapter.

285 The executive director shall:

286 (1) establish an enrollment system that will ensure that all eligible Massachusetts residents are
287 formally enrolled;

288 (2) use the purchasing power of the state to negotiate price discounts for prescription drugs and
289 all needed durable and nondurable medical equipment and supplies;

290 (3) negotiate or establish terms and conditions for the provision of high quality health care
291 services and rates of reimbursement for such services on behalf of the residents of the
292 commonwealth;

293 (4) develop prospective and retrospective payment systems for covered services to provide
294 prompt and fair payment to eligible providers and facilities;

295 (5) oversee preparation of annual operating and capital budgets for the statewide delivery of
296 health care services;

297 (6) oversee preparation of annual benefits reviews to determine the adequacy of covered
298 services; and

299 (7) prepare an annual report to be submitted to the governor, the president of the senate and
300 speaker of the house of representatives and to be easily accessible to every Massachusetts
301 resident.

302 The executive director of the trust may utilize and shall coordinate with the offices, staff and
303 resources of any agencies of the executive branch including, but not limited to, the executive
304 office of health and human services and all line agencies under its jurisdiction, the division of
305 health care finance and policy, the department of revenue, the insurance division, the group
306 insurance commission, the department of employment and training, the industrial accidents
307 board, the health and educational finance authority, and all other executive agencies.

308 Section 8: Regional Division -; Director, Offices, Purposes, and Duties.

309 There shall be a regional division within the Trust which shall be under the supervision and
310 control of a director. The powers and duties given the director in this chapter and in any other

311 general or special law shall be exercised and discharged subject to the control and supervision of
312 the executive director of the Trust. The director of the regional division shall be appointed by the
313 executive director of the Trust, with the approval of the board of trustees, and may, with like
314 approval, be removed. The director may, at his/her discretion, establish a professional advisory
315 committee to provide expert advice: provided, however, that such committee shall have at least
316 25% consumer representation.

317 The Trust shall have a reasonable number of regional offices located throughout the state. The
318 number and location of these offices shall be proposed to the executive director and board of
319 trustees by the director of the regional division after consultation with the directors of the
320 planning, administration, quality assurance and information technology divisions and
321 consideration of convenience and equity. The adequacy and appropriateness of the number and
322 location of regional offices shall be reviewed by the board at least once every three years.

323 Each regional office shall be professionally staffed to perform local outreach and informational
324 functions and to respond to questions, complaints, and suggestions from health care consumers
325 and providers. Each regional office shall hold hearings annually to determine unmet health care
326 needs and for other relevant reasons. Regional office staff shall immediately refer evidence of
327 unmet needs or of poor quality care to the director of the regional division who will plan and
328 implement remedies in consultation with the directors of the administrative, planning, quality
329 assurance, and information technology divisions.

330 Section 9: Administrative Division; Director; Purpose and Duties.

331 There shall be an administrative division within the Trust which shall be under the supervision
332 and control of a director. The powers and duties given the director in this chapter and in any

333 other general or special law shall be exercised and discharged subject to the direction, control
334 and supervision of the executive director of the Trust. The director of the administrative division
335 shall be appointed by the executive director of the Trust, with the approval of the board of
336 trustees, and may, with like approval, be removed. The director may, at his/her discretion,
337 establish a professional advisory committee to provide expert advice: provided, however, that
338 such committee shall have at least 25% consumer representation.

339 The administrative division shall have day-to-day responsibility for:

340 (1) making prompt payments to providers and facilities for covered services;

341 (2) collecting reimbursement from private and public third party payers and individuals for
342 services not covered by this chapter or covered services rendered to non-eligible patients;

343 (3) developing information management systems needed for provider payment, rebate collection
344 and utilization review;

345 (4) investing trust fund assets consistent with state law and section nineteen of this chapter;

346 (5) developing operational budgets for the Trust; and

347 (6) assisting the planning division to develop capital budgets for the Trust.

348 Section 10: Planning Division -; Director,; Purpose, and Duties.

349 There shall be a planning division within the Trust which shall be under the supervision and
350 control of a director. The powers and duties given the director in this chapter and in any other

351 general or special law shall be exercised and discharged subject to the direction, control and

352 supervision of the executive director of the Trust. The director of the planning division shall be

353 appointed by the executive director of the Trust, with the approval of the board of trustees, and
354 may, with like approval, be removed. The director may, at his/her discretion, establish a
355 professional advisory committee to provide expert advice: provided, however, that such
356 committee shall have at least 25% consumer representation.

357 The planning division shall have responsibility for coordinating health care resources and capital
358 expenditures to ensure all eligible participants reasonable access to covered services. The
359 responsibilities shall include but are not limited to:

360 (1) An annual review of the adequacy of health care resources throughout the commonwealth
361 and recommendations for changes. Specific areas to be evaluated include but are not limited to
362 the resources needed for underserved populations and geographic areas, for culturally and
363 linguistically competent care, and for emergency and trauma care. The director will develop
364 short term and long term plans to meet health care needs.

365 (2) An annual review of capital health care needs. Included in this evaluation, but not limited to
366 it are recommendations for a budget for all health care facilities, evaluating all capital expenses
367 in excess of a threshold amount to be determined annually by the executive director , and
368 collaborating with local and statewide government and health care institutions to coordinate
369 capital health planning and investment. The director will develop short term and long term plans
370 to meet capital expenditure needs.

371 In making its review, the planning division shall consult with the regional offices of the Trust
372 and shall hold hearings throughout the state on proposed recommendations. The division shall
373 submit to the board of trustees its final review and recommendations by October 1 of each year.
374 Subject to board approval, the Trust shall adopt the recommendations.

375 Section 11: Information Technology Division -; Purpose and& Duties.

376 There shall be an information technology division within the Trust which shall be under the
377 supervision and control of a director. The powers and duties given the director in this chapter and
378 in any other general or special law shall be exercised and discharged subject to the direction,
379 control and supervision of the executive director of the Trust. The director of the information
380 technology division shall be appointed by the executive director of the Trust, with the approval
381 of the board of trustees, and may, with like approval, be removed. The director may, at his/her
382 discretion, establish a professional advisory committee to provide expert advice: provided,
383 however, that such committee shall have at least 25% consumer representation.

384 The responsibilities of the information technology division shall include but are not limited to:

385 (1) maintaining a confidential electronic medical records system and prescription system in
386 accordance with laws and regulations to maintain accurate patient records and to simplify the
387 billing process, thereby reducing medical errors and bureaucracy;

388 (2) developing a tracking system to monitor quality of care, establish a patient data base and
389 promote preventive care guidelines and medical alerts to avoid errors.

390 Notwithstanding that all billing shall be performed electronically, patients shall have the option
391 of keeping any portion of their medical records separate from their electronic medical record.

392 The information technology director shall work closely with the directors of the regional,
393 administrative, planning and quality assurance divisions. The information technology division
394 shall make an annual report to the board of trustees by October 1 of each year. Subject to board
395 approval, the Trust shall adopt the recommendations.

396 Section 12: Quality Assurance Division -; Director,; Purpose, and Duties.

397 There shall be a quality assurance division within the Trust which shall be under the supervision
398 and control of a director. The powers and duties given the director in this chapter and in any
399 other general or special law shall be exercised and discharged subject to the direction, control
400 and supervision of the executive director of the Trust. The director of the quality assurance
401 division shall be appointed by the executive director of the Trust, with the approval of the board
402 of trustees, and may, with like approval, be removed. The director may, at his/her discretion,
403 establish a professional advisory committee to provide expert advice: provided, however, that
404 such committee shall have at least 25% consumer representation.

405 The quality assurance division shall support the establishment of a universal, best quality of
406 standard of care with respect to:

407 (a) appropriate staffing levels;

408 (b) appropriate medical technology;

409 (c) design and scope of work in the health workplace; and

410 (d) evidence-based best clinical practices.

411 The director shall conduct a comprehensive annual review of the quality of health care services
412 and outcomes throughout the commonwealth and submit such recommendations to the board of
413 trustees as may be required to maintain and improve the quality of health care service delivery
414 and the overall health of Massachusetts residents. In making its reviews, the quality assurance
415 division shall consult with the regional, administrative, and planning divisions and hold hearings
416 throughout the state on quality of care issues. The division shall submit to the board of trustees

417 its final review and recommendations on how to ensure the highest quality health care service
418 delivery by October 1 of each year. Subject to board approval, the Trust shall adopt the
419 recommendations.

420 Section 13: Eligible Participants.

421 Those persons who shall be recognized as eligible participants in the Massachusetts Health Care
422 Trust shall include:

423 (1) all Massachusetts residents,

424 (2) all non-residents who:

425 (a) work 20 hours or more per week in Massachusetts;

426 (b) pay all applicable Massachusetts personal income and payroll taxes;

427 (c) pay any additional premiums established by the Trust to cover non-residents; and

428 (d) have complied with requirements (a) through (c) inclusive for at least 90 days

429 (3) All non-resident patients requiring emergency treatment for illness or injury: provided,
430 however, that the trust shall recoup expenses for such patients wherever possible.

431 Payment for emergency care of Massachusetts residents obtained out of state shall be at
432 prevailing local rates. Payment for non-emergency care of Massachusetts residents obtained out
433 of state shall be according to rates and conditions established by the executive director. The
434 executive director may require that a resident be transported back to Massachusetts when
435 prolonged treatment of an emergency condition is necessary.

436 Visitors to Massachusetts shall be billed for all services received under the system. The
437 executive director of the Trust may establish intergovernmental arrangements with other states
438 and countries to provide reciprocal coverage for temporary visitors.

439 Section 14: Eligible Health Care Providers and Facilities.

440 Eligible health care providers and facilities shall include an agency, facility, corporation,
441 individual, or other entity directly rendering any covered benefit to an eligible patient: provided,
442 however, that the provider or facility:

443 (1) is licensed to operate or practice in the commonwealth;

444 (2) does not provide health care services covered by, but not paid for, by the trust;

445 (3) furnishes a signed agreement that:

446 (a) all health care services will be provided without discrimination on the basis of factors
447 including, but not limited to age, sex, race, national origin, sexual orientation, income status or
448 preexisting condition;

449 (b) the provider or facility will comply with all state and federal laws regarding the
450 confidentiality of patient records and information; (c) no balance billing or out-of-pocket charges
451 will be made for covered services unless otherwise provided in this chapter; and

452 (d) the provider or facility will furnish such information as may be reasonably required by the
453 Trust for making payment, verifying reimbursement and rebate information, utilization review
454 analyses, statistical and fiscal studies of operations and compliance with state and federal law;

455 (4) meets state and federal quality guidelines including guidance for safe staffing, quality of care,
456 and efficient use of funds for direct patient care;

457 (5) is a non-profit health maintenance organization that actually delivers care in its facilities and
458 employs clinicians on a salaried basis; and

459 (6) meets whatever additional requirements that may be established by the Trust.

460 Section 15: Budgeting and Payments to Eligible Health Care Providers and Facilities.

461 To carry out this Act there are established on an annual basis:

462 (1) an operating budget;

463 (2) a capital expenditures budget; and

464 (3) reimbursement levels for providers consistent with subtitle BSection 20;

465 The operating budget shall be used for:

466 (a) payment for services rendered by physicians and other clinicians;

467 (b) global budgets for institutional providers;

468 (c) capitation payments for capitated groups; and

469 (d) administration of the Trust.

470 Payments for operating expenses shall not be used to finance capital expenditures; payment of
471 exorbitant salaries; or for activities to assist, promote, deter or discourage union organizing. Any
472 prospective payments made in excess of actual costs for covered services shall be returned to the
473 Trust. Prospective payment rates and schedules shall be adjusted annually to incorporate

474 retrospective adjustments. Except as provided in section sixteen of this chapter, reimbursement
475 for covered services by the Trust shall constitute full payment for the services rendered.

476 The Trust shall provide for retrospective adjustment of payments to eligible health care facilities
477 and providers to:

478 (a) assure that payments to such providers and facilities reflect the difference between actual
479 and projected utilization and expenditures for covered services; and

480 (b) protect health care providers and facilities who serve a disproportionate share of eligible
481 participants whose expected utilization of covered health care services and expected health care
482 expenditures for such services are greater than the average utilization and expenditure rates for
483 eligible participants statewide.

484 The capital expenditures budget shall be used for funds needed for--

485 (a) the construction or renovation of health facilities; and

486 (b) for major equipment purchases.

487 Payment provided under this section can be used only to pay for the operating costs of eligible
488 health care providers or facilities, including reasonable expenditures, as determined through
489 budget negotiations with the Trust, for the maintenance, replacement and purchase of equipment.

490 The Trust shall provide funding for payment of debt service on outstanding bonds as of the
491 effective date of this Act and shall be the sole source of future funding, whether directly or
492 indirectly, through the payment of debt service, for capital expenditures by health care providers
493 and facilities covered by the Trust in excess of a threshold amount to be determined annually by
494 the executive director.

495 Section 16: Covered Benefits.

496 The Trust shall pay for all professional services provided by eligible providers and facilities to
497 eligible participants needed to:

498 (1) provide high quality, appropriate and medically necessary health care services;

499 (2) encourage reductions in health risks and increase use of preventive and primary care services;

500 and

501 (3) integrate physical health, mental and behavioral health and substance abuse services.

502 Covered benefits shall include all high quality health care determined to be medically necessary
503 or appropriate by the Trust, including, but not limited to, the following:

504 (1) prevention, diagnosis and treatment of illness and injury, including laboratory, diagnostic
505 imaging, inpatient, ambulatory and emergency medical care, blood and blood products, dialysis,
506 mental health services, dental care, acupuncture, physical therapy, chiropractic and podiatric
507 services;

508 (2) promotion and maintenance of individual health through appropriate screening, counseling
509 and health education;

510 (3) the rehabilitation of sick and disabled persons, including physical, psychological, and other
511 specialized therapies;

512 (4) prenatal, perinatal and maternity care, family planning, fertility and reproductive health care;

513 (5) home health care including personal care;

- 514 (6) long term care in institutional and community-based settings;
- 515 (7) hospice care;
- 516 (8) language interpretation and such other medical or remedial services as the Trust shall
- 517 determine;
- 518 (9) emergency and other medically necessary transportation;
- 519 (10) the full scale of dental services, other than cosmetic dentistry;
- 520 (11) basic vision care and correction, other than laser vision correction for cosmetic purposes;
- 521 (12) hearing evaluation and treatment including hearing aids;
- 522 (13) prescription drugs; and
- 523 (14) durable and non-durable medical equipment, supplies and appliances.

524 No deductibles, co-payments, co-insurance, or other cost sharing shall be imposed with respect

525 to covered benefits. Patients shall have free choice of participating physicians and other

526 clinicians, hospitals, inpatient care facilities and other providers and facilities.

527 Section 17. Wraparound Coverage for Federal Health Programs.

528 Prior to obtaining any federal program'swaivers to receive federal matching funds financing

529 through the Health Care Trust, the Trust will seek to ensure that participants eligible for federal

530 program coverage receive access to care and coverage equal to that of all other Massachusetts

531 participants. It shall do so by (a) paying for all services enumerated under Section 16 not covered

532 by the relevant federal plans; (b) paying for all such services during any federally mandated gaps

533 in participants' coverage; and (c) paying for any deductibles, co-payments, co-insurance, or other
534 cost sharing incurred by such participants.

535 Section 18: Establishment of the Health Care Trust Fund.

536 In order to support the Trust effectively, there is hereby established the health care trust fund,
537 hereinafter the Trust Fund, which shall be administered and expended by the executive director
538 of the Trust subject to the approval of the board. The Fund shall consist of all revenue sources
539 defined in Section 20, and all property and securities acquired by and through the use of monies
540 deposited to the Trust Fund and all interest thereon less payments therefrom to meet liabilities
541 incurred by the Trust in the exercise of its powers and the performance of its duties.

542 All claims for health care services rendered shall be made to the Trust Fund and all payments
543 made for health care services shall be disbursed from the Trust Fund.

544 Section 19: Purpose of the Trust Fund.

545 Amounts credited to the Trust Fund shall be used for the following purposes:

546 (1) to pay eligible health care providers and health care facilities for covered services rendered to
547 eligible individuals;

548 (2) to fund capital expenditures for eligible health care providers and health care facilities for
549 approved capital investments in excess of a threshold amount to be determined annually by the
550 executive director;

551 (3) to pay for preventive care, education, outreach, and public health risk reduction initiatives,
552 not to exceed 5% of Trust income in any fiscal year;

553 (4) to supplement other sources of financing for education and training of the health care
554 workforce, not to exceed 2% of Trust income in any fiscal year;

555 (5) to supplement other sources of financing for medical research and innovation, not to exceed
556 1% of Trust income in any fiscal year;

557 (6) to supplement other sources of financing for training and retraining programs for workers
558 displaced as a result of administrative streamlining gained by moving from a multi-payer to a
559 single payer health care system, not to exceed 2% of Trust income in any fiscal year: provided,
560 however, that eligible workers must have enrolled by June 20 of the third year following full
561 implementation of this chapter;

562 (7) to fund a reserve account to finance anticipated long-term cost increases due to demographic
563 changes, inflation or other foreseeable trends that would increase Trust Fund liabilities, and for
564 budgetary shortfall, epidemics, and other extraordinary events, not to exceed 1% of Trust income
565 in any fiscal year: provided, however, that the Trust reserve account shall at no time constitute
566 more than 5% of total Trust assets;

567 (8) to pay the administrative costs of the Trust which, within two years of full implementation of
568 this chapter shall not exceed 5% of Trust income in any fiscal year.

569 Unexpended Trust assets shall not be deemed to be “surplus” funds as defined by chapter
570 twenty-nine of the general laws.

571 Section 20: Funding Sources.

572 20.A: Overview

573 The Trust shall be the repository for all health care funds and related administrative funds. A
574 fairly apportioned, dedicated health care tax on employers, workers, and citizens will replace
575 spending on insurance premiums and out-of-pocket spending for services covered by the Trust.
576 The Trust will enable the state to pass lower health care costs on to residents and businesses
577 through savings from administrative simplification, bulk purchasing discounts on
578 pharmaceuticals and medical supplies, and through early detection and intervention by
579 universally available primary and preventive care. Additionally, collateral sources of revenue –
580 such as from the federal government, non-residents receiving care in the state, or from personal
581 liability – will be recovered by the Trust. Lastly, the Trust shall enact provisions ensuring a
582 smooth transition to a universal health care system for employers and residents.

583 20.B: Health Care Funding

584 The following dedicated health care taxes will replace spending on insurance premiums and out-
585 of-pocket spending for services covered by the Trust. Prior to each state fiscal year of operation,
586 the Trust will prepare for the Legislature a projected budget for the coming fiscal year, with
587 recommendations for rising or declining revenue needs.

588 • An employer payroll tax of 7.5 percent will be assessed, exempting the first \$30,000 of
589 payroll per establishment, replacing previous spending by employers on health premiums. An
590 additional employer payroll tax of 0.44% will be assessed on establishments with 100 or more
591 employees;

592 • An employee payroll tax of 2.5 percent will be assessed, replacing previous spending by
593 employees on health premiums and out-of-pocket expenses;

594 • A payroll tax on the self-employed of 10 percent will be assessed, exempting the first
595 \$30,000 of payroll per self-employed resident.

596 • A tax on unearned income of 12.5 percent will be assessed to fairly distribute the costs of
597 health care across various sources of income.

598 An employer, private or public, may agree to pay all or part of an employee's payroll tax
599 obligation. Such payment shall not be considered income for Massachusetts income tax
600 purposes.

601 Default, underpayment, or late payment of any tax or other obligation imposed by the Trust shall
602 result in the remedies and penalties provided by law, except as provided in this section.

603 Eligibility for benefits shall not be impaired by any default, underpayment, or late payment of
604 any tax or other obligation imposed by the Trust.

605 20.C: Consolidating Public Health Care Spending and Collateral Sources of Revenue

606 It is the intent of this act to establish a single public payer for all health care in the
607 commonwealth. Towards this end, public spending on health insurance will be consolidated into
608 the Trust to the greatest extent possible. Until such time as the role of all other payers for health
609 care has been terminated, health care costs shall be collected from collateral sources whenever
610 medical services provided to an individual are, or may be, covered services under a policy of
611 insurance, health care service plan, or other collateral source available to that individual, or for
612 which the individual has a right of action for compensation to the extent permitted by law.

613 20.C.1: Consolidation of State and Municipal Health Care Spending

614 The Legislature will be empowered to transfer funds from the General Fund sufficient to meet
615 the Trust's projected expenses beyond projected income from dedicated tax revenues. This lump
616 transfer will replace current General Fund spending on health benefits for state employees,
617 services for patients at public in-patient facilities, and all means- or needs-tested health benefit
618 programs. Additionally, the Legislature will reduce local aid to municipalities commensurate
619 with the reduced burden of health insurance premiums for municipal employees and contractors.

620 20.C.2: Federal Sources of Revenue

621 The Trust shall receive all monies paid to the commonwealth by the federal government for
622 health care services covered by the Trust. The Trust shall seek to maximize all sources of federal
623 financial support for health care services in Massachusetts. Accordingly, the executive director
624 shall seek all necessary waivers, exemptions, agreements, or legislation, if needed, so that all
625 current federal payments for health care shall, consistent with the federal law, be paid directly to
626 the Trust Fund. In obtaining the waivers, exemptions, agreements, or legislation, the executive
627 director shall seek from the federal government a contribution for health care services in
628 Massachusetts that shall not decrease in relation to the contribution to other states as a result of
629 the waivers, exemptions, agreements, or legislation.

630 20.C.3: Collection of Collateral Sources of Revenue

631 As used in this section, collateral source includes all of the following:

- 632 • insurance policies written by insurers, including the medical components of automobile,
633 homeowners, workers' compensation, and other forms of insurance;
- 634 • health care service plans and pension plans;

- 635 • employee benefit contracts;
- 636 • government benefit programs;
- 637 • a judgment for damages for personal injury;
- 638 • any third party who is or may be liable to an individual for health care services or costs;

639 As used in this section, collateral sources do not include either of the following:

- 640 • a contract or plan that is subject to federal preemption;
- 641 • any governmental unit, agency, or service, to the extent that subrogation is prohibited by
642 law.

643 An entity described as a collateral source is not excluded from the obligations imposed by this
644 section by virtue of a contract or relationship with a governmental unit, agency, or service.

645 Whenever an individual receives health care services under the system Trust and s/he is entitled
646 to coverage, reimbursement, indemnity, or other compensation from a collateral source, s/he
647 shall notify the health care provider or facility and provide information identifying the collateral
648 source other than federal sources, the nature and extent of coverage or entitlement, and other
649 relevant information. The health care provider or facility shall forward this information to the
650 executive director. The individual entitled to coverage, reimbursement, indemnity, or other
651 compensation from a collateral source shall provide additional information as requested by the
652 executive director.

653 The Trust shall seek reimbursement from the collateral source for services provided to the
654 individual, and may institute appropriate action, including suit, to recover the costs to the Trust.

655 Upon demand, the collateral source shall pay to the Trust Fund the sums it would have paid or
656 expended on behalf of the individuals for the health care services provided by the Trust.

657 If a collateral source is exempt from subrogation or the obligation to reimburse the Trust as
658 provided in this section, the executive director may require that an individual who is entitled to
659 medical services from the collateral source first seek those services from that source before
660 seeking those services from the Trust.

661 To the extent permitted by federal law, contractual retiree health benefits provided by employers
662 shall be subject to the same subrogation as other contracts, allowing the Trust to recover the cost
663 of services provided to individuals covered by the retiree benefits, unless and until arrangements
664 are made to transfer the revenues of the benefits directly to the Trust.

665 20.C.4: Retention of Funds

666 The Trust shall retain:

- 667 • all charitable donations, gifts, grants or bequests made to it from whatever source
668 consistent with state and federal law;
- 669 • payments from third party payers for covered services rendered by eligible providers to
670 non-eligible patients but paid for by the Trust;
- 671 • income from the investment of Trust assets, consistent with state and federal law.

672 20.D: Transitional Provisions

673 Any employer which has a contract with an insurer, health services corporation or health
674 maintenance organization to provide health care services or benefits for its employees, which is

675 in effect on the effective date of this section, shall be entitled to an income tax credit against
676 premiums otherwise due in an amount equal to the Trust fund premium due pursuant to this
677 section.

678 Any insurer, health services corporation, or health maintenance organization which provides
679 health care services or benefits under a contract with an employer which is in effect on the
680 effective date of this act shall pay to the Trust Fund an amount equal to the Health Trust
681 premium which would have been paid by the employer if the contract with the insurer, health
682 services corporation or health maintenance organizations were not in effect. For purposes of this
683 section, the term “insurer” includes union health and welfare funds and self-insured employers.

684 Six months prior to the establishment of a single payer system, all laws and regulations requiring
685 health insurance carriers to maintain cash reserves for purposes of commercial stability (such as
686 under Chapter 176G, Section 25 of the General Laws) shall be repealed. In their place, the
687 Executive Director of the Trust shall assess an annual health care stabilization fee upon the same
688 carriers, amounting to the same sum previously required to be held in reserves, which shall be
689 credited to the Health Care Trust Fund.

690 Section 21: Insurance Reforms.

691 Insurers regulated by the division of insurance are prohibited from charging premiums to eligible
692 participants for coverage of services already covered by the Trust. The commissioner of
693 insurance shall adopt, amend, alter, repeal and enforce all such reasonable rules and regulations
694 and orders as may be necessary to implement this section.

695 Section 22: Health Trust Regulatory Authority.

696 The Trust shall adopt and promulgate regulations to implement the provisions of this chapter.

697 The initial regulations may be adopted as emergency regulations but those emergency

698 regulations shall be in effect only from the effective date of this chapter until the conclusion of

699 the transition period.

700 Section 23: Implementation of the Health Care Trust.

701 Not later than thirty days after enactment of this legislation, the governor shall make the initial

702 appointments to the board of the Massachusetts Health Care Trust. The first meeting of the

703 trustees shall take place within 60 days of the election of trustees to the board.