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SENATE . . . . No. 00501

The Commonwealth of Massachusetts

PRESENTED BY:

James B. Eldridge

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 establishing Medicare for all in Massachusetts.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
James B. Eldridge	*Middlesex and Worcester*
Jason M. Lewis	*31st Middlesex*
Kay Khan	*11th Middlesex*
Kenneth J. Donnelly	*Fourth Middlesex*
Timothy J. Toomey, Jr.	*26th Middlesex*
Alice K. Wolf	*25th Middlesex*
Patricia D. Jehlen	*Second Middlesex*
Benjamin B. Downing	*Berkshire, Hampshire, and Franklin*
Cory Atkins	*14th Middlesex*
Thomas M. McGee	*Third Essex and Middlesex*
Cynthia S. Creem	*First Middlesex and Norfolk*
Denise Andrews	*2nd Franklin*
William N. Brownsberger	*24th Middlesex*
Sonia Chang-Diaz	*Second Suffolk*
Sal N. DiDomenico	*Middlesex, Suffolk, and Essex*
Susan C. Fargo	*Third Middlesex*
Timothy R. Madden	*Barnstable, Dukes and Nantucket*

Denise Provost	*27th Middlesex*
Stanley C. Rosenberg	*Hampshire and Franklin*
Ellen Story	*3rd Hampshire*
Martha M. Walz	*8th Suffolk*
Daniel A. Wolf	*Cape and Islands*

SENATE . . . . No. 00501

By Mr. Eldridge, petition (accompanied by bill, Senate, No. 501) of Wolf, Walz, Story and other members of the General Court for legislation to establish Medicare for all in Massachusetts [Joint Committee on Health Care Financing].

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act establishing Medicare for all in Massachusetts.

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

1 SECTION 1. The Massachusetts General Laws are hereby amended by adding the

2 following new chapter:–

3 CHAPTER X.

4 MASSACHUSETTS HEALTH CARE TRUST

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37 Section 1: Preamble.

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

45 (a) COST CONTROL AND AFFORDABILITY

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

54 (b) UNIVERSAL EQUITABLE ACCESS

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

62 (c) QUALITY OF CARE

63 The World Health Organization rates health outcomes in the United States health care
64 system lower than those of almost all other industrialized countries, and a number of developing
65 countries as well. Poor health outcomes result from the lack of universal access, the lack of
66 oversight on quality due to the fragmentation and complexity of our health care system, and the
67 frequent lack of preventive and comprehensive care benefits offered under commercial health

68 plans. The Trust will reduce errors through information technology, improve medical care by
69 eliminating much of the present administrative complexity, and emphasize culturally competent
70 outreach and care. It will provide for input from patients on the functioning of the health delivery
71 system.

72 Section 2: Definitions.

73 The following words and phrases shall have the following meanings, except where the
74 context clearly requires otherwise:–

75 "Board" means the board of trustees of the Massachusetts Health Care Trust.

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

83 "Executive Director" means the executive director of the Massachusetts Health Care
84 Trust.

85 "Health care" means care provided to a specific individual by a licensed health care
86 professional to promote physical and mental health, to treat illness and injury and to prevent
87 illness and injury.

88 “Health care facility” means any facility or institution, whether public or private,
89 proprietary or nonprofit, that is organized, maintained, and operated for health maintenance or
90 for the prevention, diagnosis, care and treatment of human illness, physical or mental, for one or
91 more persons.

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

96 “Health maintenance organization” means a provider organization that meets the
97 following criteria:

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

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

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

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

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

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

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

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

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

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

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

125 “Trust Fund” means the Massachusetts Health Care Trust Fund established in section
126 eighteen of this chapter.

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

128 There is hereby created an independent body, politic and corporate, to be known as the
129 Massachusetts Health Care Trust, hereinafter referred to as the Trust, to function as the single
130 public agency, or "single payer," responsible for the collection and disbursement of funds
131 required to provide health care services for every resident of the Commonwealth. The Trust is
132 hereby constituted a public instrumentality of the commonwealth and the exercise by the Trust of
133 the powers conferred by this chapter shall be deemed and held the performance of an essential
134 governmental function. The Trust is hereby placed in the executive office of health and human
135 services, but shall not be subject to the supervision or control of said office or of any board,
136 bureau, department or other agency of the commonwealth except as specifically provided by this
137 chapter.

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

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

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

153 Trustees, officers and advisors who are not regular, compensated employees of the
154 Trust shall not be liable to the commonwealth, to the Trust or to any other person as a result of
155 their activities, whether ministerial or discretionary, as such trustees, officers or advisors except
156 for willful dishonesty or intentional violations of law. The board of the Trust may purchase
157 liability insurance for trustees, officers, advisors and employees and may indemnify said persons
158 against the claims of others.

159 Section 4: Powers of the Trust.

160 The Trust shall have the following powers:

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

163 (2) to adopt an official seal;

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

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

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

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

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

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

176 (9) to establish advisory boards;

177 (10) to procure insurance against any losses in connection with its property in such
178 amounts, and from such insurers, as may be necessary or desirable;

179 (11) to invest any funds held in reserves or sinking funds, or any funds not required
180 for immediate disbursement, in such investments as may be lawful for fiduciaries in the
181 commonwealth pursuant to sections thirty-eight and thirty-eight A of chapter twenty nine

182 (12) to accept, hold, use, apply, and dispose of any and all donations, grants, bequests
183 and devises, conditional or otherwise, of money, property, services or other things of value
184 which may be received from the United States or any agency thereof, any governmental agency,
185 any institution, person, firm or corporation, public or private, such donations, grants, bequests
186 and devises to be held, used, applied or disposed for any or all of the purposes specified in this
187 chapter and in accordance with the terms and conditions of any such grant. Â Receipt of each
188 such donation or grant shall be detailed in the annual report of the Trust; such annual report shall

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

190 thereto;

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

192 of this chapter.

193 Section 5: Purposes of the Trust.

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

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

196 (a) providing reimbursement for all medically appropriate health care services offered

197 by the eligible provider or facility of each resident's choice;

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

199 statewide

200 (2) To save money by replacing the current mixture of public and private health care

201 plans with a uniform and comprehensive health care plan available to every Massachusetts

202 resident;

203 (3) To replace the redundant private and public bureaucracies required to support the

204 current system with a single administrative and payment mechanism for covered health care

205 services;

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

207 (a) expand covered health care services;

208 (b) contain health care cost increases; and

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

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

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

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

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

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

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

220 (9) To ensure that all Massachusetts residents receive care appropriate to their special
221 needs as well as care that is culturally and linguistically competent;

222 (10) To increase satisfaction with the health care system among health care providers,
223 consumers, and the employers and employees of the commonwealth;

224 (11) To implement policies which strengthen and improve culturally and linguistically
225 sensitive care;

226 (12) To develop an integrated population-based health care database to support health
227 care planning; and

228 (13) To fund training and re-training programs for professional and non-professional
229 workers in the health care sector displaced as a direct result of implementation of this chapter.

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

231 The Trust shall be governed by a board of trustees with twenty-three members. The
232 board shall include the secretary of health and human services, the secretary of administration
233 and finance, and the commissioner of public health.

234 The Governor shall appoint: three trustees nominated by organizations of health care
235 professionals who deliver direct patient care; one nominated by a statewide organization of
236 health care facilities; one nominated by an organization representing non-health care employers;
237 and a health care economist.

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

244 In addition, eight trustees, who are eligible to receive the benefits of the Massachusetts
245 Health Care Trust but who do not fall into any of the aforementioned categories, shall be elected
246 by the citizens of the Commonwealth, one from each of the Governor's Council districts.

247 Candidates shall run in accordance with Fair Campaign Financing Rules. In order to provide for
248 staggered terms, from the first eight to be elected, two shall be elected for two years, three for
249 three years, and three for four years. Afterwards, all elected trustees shall be elected for four-year
250 terms. All elected trustees shall be eligible for reelection, which would enable them to serve a
251 maximum of eight consecutive years.

252 Each appointed trustee shall serve a term of five years: provided, however, that
253 initially four appointed trustees shall serve three year terms, four appointed trustees shall serve
254 four year terms, and four appointed trustees shall serve five year terms. The initial appointed
255 trustees shall be assigned to a three, four, or five year term by lot. Any person appointed to fill a
256 vacancy on the board shall serve for the unexpired term of the predecessor trustee. Any
257 appointed trustee shall be eligible for reappointment. Any appointed trustee may be removed
258 from his appointment by the governor for just cause.

259 The board shall elect a chair from among its members every two years. Ten trustees
260 shall constitute a quorum and the affirmative vote of a majority of the trustees present and
261 eligible to vote at a meeting shall be necessary for any action to be taken by the board. The board
262 of trustees shall meet at least ten times each year and will have final authority over the activities
263 of the Trust.

264 The trustees shall be reimbursed for actual and necessary expenses and loss of income
265 incurred for each full day serving in the performance of their duties to the extent that
266 reimbursement of those expenses is not otherwise provided or payable by another public agency
267 or agencies. For purposes of this section, “full day of attending a meeting” shall mean presence

268 at, and participation in, not less than 75 percent of the total meeting time of the board during any

269 particular 24-hour period.

270 No member of the board of trustees shall make, participate in making, or in any way

271 attempt to use his or her official position to influence a governmental decision in which he or she

272 knows or has reason to know that he or she, or a family member or a business partner or

273 colleague has a financial interest.

274 In general, the board is responsible for ensuring universal access to high quality,

275 affordable health care for every resident of the Commonwealth. The Board shall specifically

276 address all of the following:

277 (1) Establish policy on medical issues, population-based public health issues, research

278 priorities, scope of services, expanding access to care, and evaluation of the performance of the

279 system;

280 (2) Evaluate proposals from the executive director and others for innovative

281 approaches to health promotion, disease and injury prevention, health education and research,

282 and health care delivery.

283 (3) Establish standards and criteria by which requests by health facilities for capital

284 improvements shall be evaluated.

285 Section 7: Executive Director - Purpose and Duties.

286 The board of trustees shall hire an executive director who shall be the executive and

287 administrative head of the Trust and shall be responsible for administering and enforcing the

288 provisions of law relative to the Trust.

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

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

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

297 The executive director shall:

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

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

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

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

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

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

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

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

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

321 There shall be a regional division within the Trust which shall be under the
322 supervision and control of a director. The powers and duties given the director in this chapter and
323 in any other general or special law shall be exercised and discharged subject to the control and
324 supervision of the executive director of the Trust. The director of the regional division shall be
325 appointed by the executive director of the Trust, with the approval of the board of trustees, and
326 may, with like approval, be removed. The director may, at his/her discretion, establish a
327 professional advisory committee to provide expert advice: provided, however, that such
328 committee shall have at least 25% consumer representation.

329 The Trust shall have a reasonable number of regional offices located throughout the
330 state. The number and location of these offices shall be proposed to the executive director and

331 board of trustees by the director of the regional division after consultation with the directors of
332 the planning, administration, quality assurance and information technology divisions and
333 consideration of convenience and equity. The adequacy and appropriateness of the number and
334 location of regional offices shall be reviewed by the board at least once every three years.

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

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

343 There shall be an administrative division within the Trust which shall be under the
344 supervision and control of a director. The powers and duties given the director in this chapter and
345 in any other general or special law shall be exercised and discharged subject to the direction,
346 control and supervision of the executive director of the Trust. The director of the administrative
347 division shall be appointed by the executive director of the Trust, with the approval of the board
348 of trustees, and may, with like approval, be removed. The director may, at his/her discretion,
349 establish a professional advisory committee to provide expert advice: provided, however, that
350 such committee shall have at least 25% consumer representation.

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

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

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

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

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

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

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

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

363 There shall be a planning division within the Trust which shall be under the
364 supervision and control of a director. The powers and duties given the director in this chapter and
365 in any other general or special law shall be exercised and discharged subject to the direction,
366 control and supervision of the executive director of the Trust. The director of the planning
367 division shall be appointed by the executive director of the Trust, with the approval of the board
368 of trustees, and may, with like approval, be removed. The director may, at his/her discretion,
369 establish a professional advisory committee to provide expert advice: provided, however, that
370 such committee shall have at least 25% consumer representation.

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

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

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

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

389 Section 11: Information Technology Division - Purpose and Duties.

390 There shall be an information technology division within the Trust which shall be
391 under the supervision and control of a director. The powers and duties given the director in this
392 chapter and in any other general or special law shall be exercised and discharged subject to the
393 direction, control and supervision of the executive director of the Trust. The director of the
394 information technology division shall be appointed by the executive director of the Trust, with
395 the approval of the board of trustees, and may, with like approval, be removed. The director may,

396 at his/her discretion, establish a professional advisory committee to provide expert advice:
397 provided, however, that such committee shall have at least 25% consumer representation.

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

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

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

405 Notwithstanding that all billing shall be performed electronically, patients shall have
406 the option of keeping any portion of their medical records separate from their electronic medical
407 record. The information technology director shall work closely with the directors of the regional,
408 administrative, planning and quality assurance divisions. The information technology division
409 shall make an annual report to the board of trustees by October 1 of each year. Subject to board
410 approval, the Trust shall adopt the recommendations.

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

412 There shall be a quality assurance division within the Trust which shall be under the
413 supervision and control of a director. The powers and duties given the director in this chapter and
414 in any other general or special law shall be exercised and discharged subject to the direction,
415 control and supervision of the executive director of the Trust. The director of the quality
416 assurance division shall be appointed by the executive director of the Trust, with the approval of

417 the board of trustees, and may, with like approval, be removed. The director may, at his/her
418 discretion, establish a professional advisory committee to provide expert advice: provided,
419 however, that such committee shall have at least 25% consumer representation.

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

422 (a) appropriate staffing levels;

423 (b) appropriate medical technology;

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

425 (d) evidence-based best clinical practices.

426 The director shall conduct a comprehensive annual review of the quality of health care
427 services and outcomes throughout the commonwealth and submit such recommendations to the
428 board of trustees as may be required to maintain and improve the quality of health care service
429 delivery and the overall health of Massachusetts residents. In making its reviews, the quality
430 assurance division shall consult with the regional, administrative, and planning divisions and
431 hold hearings throughout the state on quality of care issues. The division shall submit to the
432 board of trustees its final review and recommendations on how to ensure the highest quality
433 health care service delivery by October 1 of each year. Subject to board approval, the Trust shall
434 adopt the recommendations.

435 Section 13: Eligible Participants.

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

438 (1) all Massachusetts residents,

439 (2) all non-residents who:

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

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

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

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

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

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

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

454 Section 14: Eligible Health Care Providers and Facilities.

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

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

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

460 (3) furnishes a signed agreement that:

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

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

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

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

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

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

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

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

478 (1) an operating budget;

479 (2) a capital expenditures budget; and

480 (3) reimbursement levels for providers consistent with Section 20;

481 The operating budget shall be used for:

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

483 (b) global budgets for institutional providers;

484 (c) capitation payments for capitated groups; and

485 (d) administration of the Trust.

486 Payments for operating expenses shall not be used to finance capital expenditures;
487 payment of exorbitant salaries; or for activities to assist, promote, deter or discourage union
488 organizing. Any prospective payments made in excess of actual costs for covered services shall
489 be returned to the Trust. Prospective payment rates and schedules shall be adjusted annually to
490 incorporate retrospective adjustments. Except as provided in section sixteen of this chapter,
491 reimbursement for covered services by the Trust shall constitute full payment for the services
492 rendered.

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

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

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

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

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

503 (b) for major equipment purchases.

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

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

513 Section 16: Covered Benefits.

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

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

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

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

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

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

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

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

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

533 (5) home health care including personal care;

534 (6) long term care in institutional and community-based settings;

535 (7) hospice care;

536 (8) language interpretation and such other medical or remedial services as the Trust
537 shall determine;

538 (9) emergency and other medically necessary transportation;

539 (10) the full scale of dental services, other than cosmetic dentistry;

540 (11) basic vision care and correction, other than laser vision correction for cosmetic
541 purposes;

542 (12) hearing evaluation and treatment including hearing aids;

543 (13) prescription drugs; and

544 (14) durable and non-durable medical equipment, supplies and appliances.

545 No deductibles, co-payments, co-insurance, or other cost sharing shall be imposed
546 with respect to covered benefits. Patients shall have free choice of participating physicians and
547 other clinicians, hospitals, inpatient care facilities and other providers and facilities.

548 Section 17. Wraparound Coverage for Federal Health Programs.

549 Prior to obtaining waivers to receive federal matching funds through the Health Care
550 Trust, the Trust will seek to ensure that participants eligible for federal program coverage receive
551 access to care and coverage equal to that of all other Massachusetts participants. It shall do so by
552 (a) paying for all services enumerated under Section 16 not covered by the relevant federal plans;
553 (b) paying for all such services during any federally mandated gaps in participants' coverage;
554 and (c) paying for any deductibles, co-payments, co-insurance, or other cost sharing incurred by
555 such participants.

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

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

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

566 Section 19: Purpose of the Trust Fund.

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

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

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

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

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

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

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

584 (7) to fund a reserve account to finance anticipated long-term cost increases due to
585 demographic changes, inflation or other foreseeable trends that would increase Trust Fund
586 liabilities, and for budgetary shortfall, epidemics, and other extraordinary events, not to exceed
587 1% of Trust income in any fiscal year: provided, however, that the Trust reserve account shall at
588 no time constitute more than 5% of total Trust assets;

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

591 Unexpended Trust assets shall not be deemed to be "surplus" funds as defined by
592 chapter twenty-nine of the general laws.

593 Section 20: Funding Sources.

594 20.A: Overview

595 The Trust shall be the repository for all health care funds and related administrative
596 funds. A fairly apportioned, dedicated health care tax on employers, workers, and citizens will
597 replace spending on insurance premiums and out-of-pocket spending for services covered by the

598 Trust. The Trust will enable the state to pass lower health care costs on to residents and
599 businesses through savings from administrative simplification, bulk purchasing discounts on
600 pharmaceuticals and medical supplies, and through early detection and intervention by
601 universally available primary and preventive care. Additionally, collateral sources of revenue –
602 such as from the federal government, non-residents receiving care in the state, or from personal
603 liability – will be recovered by the Trust. Lastly, the Trust shall enact provisions ensuring a
604 smooth transition to a universal health care system for employers and residents.

605 20.B: Health Care Funding

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

610 • An employer payroll tax of 7.5 percent will be assessed, exempting the first
611 $30,000 of payroll per establishment, replacing previous spending by employers on health
612 premiums. An additional employer payroll tax of 0.44% will be assessed on establishments with
613 100 or more employees;

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

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

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

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

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

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

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

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

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

637 The Legislature will be empowered to transfer funds from the General Fund sufficient
638 to meet the Trust's projected expenses beyond projected income from dedicated tax revenues.

639 This lump transfer will replace current General Fund spending on health benefits for state
640 employees, services for patients at public in-patient facilities, and all means- or needs-tested
641 health benefit programs. Additionally, the Legislature will reduce local aid to municipalities
642 commensurate with the reduced burden of health insurance premiums for municipal employees
643 and contractors.

644 20.C.2: Federal Sources of Revenue

645 The Trust shall receive all monies paid to the commonwealth by the federal
646 government for health care services covered by the Trust. The Trust shall seek to maximize all
647 sources of federal financial support for health care services in Massachusetts. Accordingly, the
648 executive director shall seek all necessary waivers, exemptions, agreements, or legislation, if
649 needed, so that all current federal payments for health care shall, consistent with the federal law,
650 be paid directly to the Trust Fund. In obtaining the waivers, exemptions, agreements, or
651 legislation, the executive director shall seek from the federal government a contribution for
652 health care services in Massachusetts that shall not decrease in relation to the contribution to
653 other states as a result of the waivers, exemptions, agreements, or legislation.

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

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

656 • insurance policies written by insurers, including the medical components of
657 automobile, homeowners, workers’ compensation, and other forms of insurance;

658 • health care service plans and pension plans;

659 • employee benefit contracts;

660 • government benefit programs;

661 • a judgment for damages for personal injury;

662 • any third party who is or may be liable to an individual for health care services or
663 costs;

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

665 • a contract or plan that is subject to federal preemption;

666 • any governmental unit, agency, or service, to the extent that subrogation is
667 prohibited by law.

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

671 Whenever an individual receives health care services under the Trust and s/he is
672 entitled to coverage, reimbursement, indemnity, or other compensation from a collateral source,
673 s/he shall notify the health care provider or facility and provide information identifying the
674 collateral source other than federal sources, the nature and extent of coverage or entitlement, and
675 other relevant information. The health care provider or facility shall forward this information to
676 the executive director. The individual entitled to coverage, reimbursement, indemnity, or other
677 compensation from a collateral source shall provide additional information as requested by the
678 executive director.

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

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

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

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

691 20.C.4: Retention of Funds

692 The Trust shall retain:

693 • all charitable donations, gifts, grants or bequests made to it from whatever source
694 consistent with state and federal law;

695 • payments from third party payers for covered services rendered by eligible
696 providers to non-eligible patients but paid for by the Trust;

697 • income from the investment of Trust assets, consistent with state and federal law.

698 20.D: Transitional Provisions

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

701 which is in effect on the effective date of this section, shall be entitled to an income tax credit
702 against premiums otherwise due in an amount equal to the Trust fund premium due pursuant to
703 this section.

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

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

716 Section 21: Insurance Reforms.

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

721 Section 22: Health Trust Regulatory Authority.

722 The Trust shall adopt and promulgate regulations to implement the provisions of this
723 chapter. The initial regulations may be adopted as emergency regulations but those emergency
724 regulations shall be in effect only from the effective date of this chapter until the conclusion of
725 the transition period.

726 Section 23: Implementation of the Health Care Trust.

727 Not later than thirty days after enactment of this legislation, the governor shall make
728 the initial appointments to the board of the Massachusetts Health Care Trust. The first meeting of
729 the trustees shall take place within 60 days of the election of trustees to the board.