

HOUSE No. 1035

The Commonwealth of Massachusetts

PRESENTED BY:

Jason M. Lewis

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 adoption of the accompanying bill:

An Act to provide improved Medicare for all.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Jason M. Lewis</i>	<i>Fifth Middlesex</i>	<i>1/14/2013</i>
<i>Peter V. Kocot</i>	<i>1st Hampshire</i>	<i>1/15/2013</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>	<i>1/16/2013</i>
<i>Tom Sannicandro</i>	<i>7th Middlesex</i>	
<i>Paul W. Mark</i>	<i>2nd Berkshire</i>	
<i>Kay Khan</i>	<i>11th Middlesex</i>	
<i>Ruth B. Balsler</i>	<i>12th Middlesex</i>	
<i>Frank I. Smizik</i>	<i>15th Norfolk</i>	
<i>Paul McMurtry</i>	<i>11th Norfolk</i>	
<i>Martha M. Walz</i>	<i>8th Suffolk</i>	
<i>William Smitty Pignatelli</i>	<i>4th Berkshire</i>	
<i>Ellen Story</i>	<i>3rd Hampshire</i>	
<i>Carl M. Sciortino, Jr.</i>	<i>34th Middlesex</i>	
<i>Cleon H. Turner</i>	<i>1st Barnstable</i>	
<i>Denise Andrews</i>	<i>2nd Franklin</i>	
<i>Christine E. Canavan</i>	<i>10th Plymouth</i>	
<i>Mary S. Keefe</i>	<i>15th Worcester</i>	
<i>James J. O'Day</i>	<i>14th Worcester</i>	

<i>Patricia D. Jehlen</i>	<i>Second Middlesex</i>	
<i>Timothy J. Toomey, Jr.</i>	<i>26th Middlesex</i>	
<i>Jonathan Hecht</i>	<i>29th Middlesex</i>	
<i>Gailanne M. Cariddi</i>	<i>1st Berkshire</i>	
<i>Stephen Kulik</i>	<i>1st Franklin</i>	
<i>John P. Fresolo</i>	<i>16th Worcester</i>	
<i>Timothy R. Madden</i>	<i>Barnstable, Dukes and Nantucket</i>	
<i>Byron Rushing</i>	<i>9th Suffolk</i>	
<i>Chris Walsh</i>	<i>6th Middlesex</i>	

HOUSE No. 1035

By Mr. Lewis of Winchester, a petition (accompanied by bill, House, No. 1035) of Jason M. Lewis and others for legislation to establish a single-payer health insurance trust fund. Health Care Financing.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 338 OF 2011-2012.]

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

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
2 chapter:—

3 CHAPTER ____

4 MASSACHUSETTS HEALTH CARE TRUST

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39 Section 1: Preamble.

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

47 (a) COST CONTROL AND AFFORDABILITY

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

56 (b) UNIVERSAL EQUITABLE ACCESS

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

64 (c) QUALITY OF CARE

65 The World Health Organization rates health outcomes in the United States health care
66 system lower than those of almost all other industrialized countries, and a number of developing
67 countries as well. Poor health outcomes result from the lack of universal access, the lack of
68 oversight on quality due to the fragmentation and complexity of our health care system, and the
69 frequent lack of preventive and comprehensive care benefits offered under commercial health
70 plans. The Trust will reduce errors through information technology, improve medical care by
71 eliminating much of the present administrative complexity, and emphasize culturally competent
72 outreach and care. It will provide for input from patients on the functioning of the health delivery
73 system.

74 Section 2: Definitions.

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

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

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

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

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

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

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

98 “Health maintenance organization” means a provider organization that meets the
99 following criteria:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

160 Section 4: Powers of the Trust.

161 The Trust shall have the following powers:

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

164 (2) to adopt an official seal;

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

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

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

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

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

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

177 (9) to establish advisory boards;

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

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

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

192 (13) to do any and all other things necessary and convenient to carry out the purposes of
193 this chapters.

194 Section 5: Purposes of the Trust.

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

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

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

199 (b) funding capital investments for adequate health care facilities and resources 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 service
210 quality and delivery to patients;
- 211 (d) expand preventive health care programs and the delivery of primary care.
- 212 (5) To fund, approve and coordinate capital improvements in excess of a threshold to be
213 determined annually by the executive director to qualified health care facilities to:
- 214 (a) avoid unnecessary duplication of health care facilities and resources; and
- 215 (b) encourage expansion or location of health care providers and health care facilities in
216 underserved communities;
- 217 (6) To assure the continued excellence of professional training and research at
218 Massachusetts health care facilities;
- 219 (7) To achieve measurable improvement in health care outcomes;
- 220 (8) To prevent disease and disability and maintain or improve health and functionality;
- 221 (9) To ensure that all Massachusetts residents receive care appropriate to their special
222 needs as well as care that is culturally and linguistically competent;
- 223 (10) To increase satisfaction with the health care system among health care providers,
224 consumers, and the employers and employees of the commonwealth;
- 225 (11) To implement policies which strengthen and improve culturally and linguistically
226 sensitive care;
- 227 (12) To develop an integrated population-based health care database to support health
228 care planning; and
- 229 (13) To fund training and re-training programs for professional and non-professional
230 workers in the health care sector displaced as a direct result of implementation of this chapter.

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

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

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

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

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

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

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

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

269 at, and participation in, not less than 75 percent of the total meeting time of the board during any
270 particular 24-hour period.

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

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

278 (1) Establish policy on medical issues, population-based public health issues, research
279 priorities, scope of services, expanding access to care, and evaluation of the performance of the
280 system;

281 (2) Evaluate proposals from the executive director and others for innovative approaches
282 to health promotion, disease and injury prevention, health education and research, and health
283 care delivery.

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

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

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

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

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

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

298 The executive director shall:

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

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

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

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

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

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

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

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

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

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

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

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

343 Section 9: Administrative Division -; Director,; Purpose, and Duties.

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

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

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

354 (2) collecting reimbursement from private and public third party payers and individuals
355 for services not covered by this chapter or covered services rendered to non-eligible 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 supervision
364 and control of a director. The powers and duties given the director in this chapter and in any
365 other general or special law shall be exercised and discharged subject to the direction, control
366 and supervision of the executive director of the Trust. The director of the planning division shall
367 be appointed by the executive director of the Trust, with the approval of the board of trustees,
368 and may, with like approval, be removed. The director may, at his/her discretion, establish a

369 professional advisory committee to provide expert advice: provided, however, that such
370 committee shall have at least 25% consumer representation.

371 The planning division shall have responsibility for coordinating health care resources and
372 capital expenditures to ensure all eligible participants reasonable access to covered services. The
373 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 recruitment of primary care physicians, dentists, and other specialists needed to provide quality
378 health care, for culturally and linguistically competent care, and for emergency and trauma care.
379 The director will develop short term and long term plans to meet health care needs.

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

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

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

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

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

401 (1) developing an information technology system that is compatible with all medical and
402 dental facilities in Massachusetts;

403 (21) maintaining a confidential electronic medical records system and prescription system
404 in accordance with laws and regulations to maintain accurate patient records and to simplify the
405 billing process, thereby reducing medical errors and bureaucracy;

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

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

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

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

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

425 (a) appropriate hospital staffing levels for quality care;

426 (b) evidence-based best clinical practices developed from analysis of outcomes of
427 medical interventions;

428 appropriate medical technology;

429 (c) design and scope of work in the health workplace; and development of clinical
430 practices that lead toward elimination of medical errors;

431 (d) timely access to needed medical and dental care;

432 (e) development of medical homes that provide efficient patient-centered integrated care;
433 and

434 (f) compassionate end-of-life care that provides comfort and relief of pain in an
435 appropriate setting. evidence-based best clinical practices.

436 The director shall conduct a comprehensive annual review of the quality of health care
437 services and outcomes throughout the commonwealth and submit such recommendations to the
438 board of trustees as may be required to maintain and improve the quality of health care service
439 delivery and the overall health of Massachusetts residents. In making its reviews, the quality
440 assurance division shall consult with the regional, administrative, and planning divisions and
441 hold hearings throughout the state on quality of care issues. The division shall submit to the
442 board of trustees its final review and recommendations on how to ensure the highest quality
443 health care service delivery by October 1 of each year. Subject to board approval, the Trust shall
444 adopt the recommendations.

445 Section 13: Eligible Participants.

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

- 448 (1) all Massachusetts residents,
449 (2) all non-residents who:
450 (a) work 20 hours or more per week in Massachusetts;
451 (b) pay all applicable Massachusetts personal income and payroll taxes;
452 (c) pay any additional premiums established by the Trust to cover non-residents; and
453 (d) have complied with requirements (a) through (c) inclusive for at least 90 days
454 (3) All non-resident patients requiring emergency treatment for illness or injury:
455 provided, however, that the trust shall recoup expenses for such patients wherever possible.

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

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

464 Section 14: Eligible Health Care Providers and Facilities.

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

- 468 (1) is licensed to operate or practice in the commonwealth;
- 469 (2) does not provide health care services covered by, but not paid for, by the trust;
- 470 (3) furnishes a signed agreement that:
- 471 (a) all health care services will be provided without discrimination on the basis of factors
472 including, but not limited to age, sex, race, national origin, sexual orientation, income status or
473 preexisting condition;
- 474 (b) the provider or facility will comply with all state and federal laws regarding the
475 confidentiality of patient records and information; (c) no balance billing or out-of-pocket charges
476 will be made for covered services unless otherwise provided in this chapter; and
- 477 (d) the provider or facility will furnish such information as may be reasonably required
478 by the Trust for making payment, verifying reimbursement and rebate information, utilization
479 review analyses, statistical and fiscal studies of operations and compliance with state and federal
480 law;
- 481 (4) meets state and federal quality guidelines including guidance for safe staffing, quality
482 of care, and efficient use of funds for direct patient care;
- 483 (5) is a non-profit health maintenance organization that actually delivers care in its
484 facilities and employs clinicians on a salaried basis; and
- 485 (6) meets whatever additional requirements that may be established by the Trust.

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

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

- 488 (1) an operating budget;
- 489 (2) a capital expenditures budget; and
- 490 (3) reimbursement levels for providers consistent with subtitle BSection 20;

491 The operating budget shall be used for:

- 492 (a) payment for services rendered by physicians and other clinicians;
- 493 (b) global budgets for institutional providers;
- 494 (c) capitation payments for capitated groups; and
- 495 (d) administration of the Trust.

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

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

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

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

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

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

513 (b) for major equipment purchases.

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

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

523 Section 16: Covered Benefits.

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

526 (a1) provide high quality, appropriate and medically necessary health care services;

527 (b2) encourage reductions in health risks and increase use of preventive and primary care
528 services; and

529 (c3) integrate physical health, mental and behavioral health and substance abuse services.

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

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

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

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

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

542 (5) home health care including personal care;

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

544 (7) hospice care;

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

547 (9) emergency and other medically necessary transportation;

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

549 (11) basic vision care and correction, including glasses, other than laser vision correction
550 for cosmetic purposes;

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

552 (13) prescription drugs; and

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

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

557 Section 17. Wraparound Coverage for Federal Health Programs.

558 Prior to obtaining any federal program's waivers to receive federal matching funds
559 financing through the Health Care Trust, the Trust will seek to ensure that participants eligible
560 for federal program coverage receive access to care and coverage equal to that of all other
561 Massachusetts participants. It shall do so by (a) paying for all services enumerated under Section
562 16 not covered by the relevant federal plans; (b) paying for all such services during any federally
563 mandated gaps in participants' coverage; and (c) paying for any deductibles, co-payments, co-
564 insurance, or other cost sharing incurred by such participants.

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

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

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

574 Section 19: Purpose of the Trust Fund.

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

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

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

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

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

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

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

592 (7) to fund a reserve account to finance anticipated long-term cost increases due to
593 demographic changes, inflation or other foreseeable trends that would increase Trust Fund
594 liabilities, and for budgetary shortfall, epidemics, and other extraordinary events, not to exceed
595 1% of Trust income in any fiscal year: provided, however, that the Trust reserve account shall at
596 no time constitute more than 5% of total Trust assets;

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

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

601 Section 20: Funding Sources.

602 20.A: Overview

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

613 20.B: Health Care Funding

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

618 • An employer payroll tax of 7.5 percent will be assessed, exempting the first
619 \$30,000 of payroll per establishment, replacing previous spending by employers on health
620 premiums. An additional employer payroll tax of 0.44% will be assessed on establishments with
621 100 or more employees;

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

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

626 • A tax on unearned income (dividends, capital gains, rents, and
627 profits) of 102.5 percent will be assessed to fairly distribute the costs of health care across
628 various sources of income.

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

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

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

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

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

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

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

652 20.C.2: Federal Sources of Revenue

653 The Trust shall receive all monies paid to the commonwealth by the federal government
654 for health care services covered by the Trust. The Trust shall seek to maximize all sources of
655 federal financial support for health care services in Massachusetts. Accordingly, the executive
656 director shall seek all necessary waivers, exemptions, agreements, or legislation, if needed, so
657 that all current federal payments for health care shall, consistent with the federal law, be paid
658 directly to the Trust Fund. In obtaining the waivers, exemptions, agreements, or legislation, the
659 executive director shall seek from the federal government a contribution for health care services

660 in Massachusetts that shall not decrease in relation to the contribution to other states as a result
661 of the waivers, exemptions, agreements, or legislation.

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

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

- 664 • insurance policies written by insurers, including the medical components of
665 automobile, homeowners, workers' compensation, and other forms of insurance;
- 666 • health care service plans and pension plans;
- 667 • employee benefit contracts;
- 668 • government benefit programs;
- 669 • a judgment for damages for personal injury;
- 670 • any third party who is or may be liable to an individual for health care services or
671 costs;

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

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

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

678 Whenever an individual receives health care services under the system Trust and s/he is
679 entitled to coverage, reimbursement, indemnity, or other compensation from a collateral source,
680 s/he shall notify the health care provider or facility and provide information identifying the
681 collateral source other than federal sources, the nature and extent of coverage or entitlement, and
682 other relevant information. The health care provider or facility shall forward this information to
683 the executive director. The individual entitled to coverage, reimbursement, indemnity, or other
684 compensation from a collateral source shall provide additional information as requested by the
685 executive director.

686 The Trust shall seek reimbursement from the collateral source for services provided to
687 the individual, and may institute appropriate action, including suit, to recover the costs to the
688 Trust. Upon demand, the collateral source shall pay to the Trust Fund the sums it would have
689 paid or expended on behalf of the individuals for the health care services provided by the Trust.

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

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

698 20.C.4: Retention of Funds

699 The Trust shall retain:

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

705 20.D: Transitional Provisions

706 Any employer that which has a contract with an insurer, health services corporation or
707 health maintenance organization to provide health care services or benefits for its employees,
708 which is in effect on the effective date of this section, shall be entitled to an income tax credit
709 against premiums otherwise due in an amount equal to the Trust fund premium due pursuant to
710 this section.

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

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

723 Section 21: Insurance Reforms.

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

728 Section 22: Health Trust Regulatory Authority.

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

733 Section 23: Implementation of the Health Care Trust.

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