# **SENATE . . . . . . . . . . . . . . . . No. 501**

## 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:

An Act establishing Medicare for all in Massachusetts.

### PETITION OF:

NAME:	DISTRICT/ADDRESS:
James B. Eldridge	[District]
Jason M. Lewis	31st Middlesex
Kay Khan	11th Middlesex
Kenneth J. Donnelly	[District]
Timothy J. Toomey, Jr.	26th Middlesex
Alice K. Wolf	25th Middlesex
Patricia D. Jehlen	[District]
Benjamin B. Downing	Berkshire, Hampshire, and Franklin
Cory Atkins	14th Middlesex
Thomas M. McGee	Third Essex and Middlesex
Cynthia S. Creem	[District]
Denise Andrews	2nd Franklin
William N. Brownsberger	[District]
Sonia Chang-Diaz	[District]
Sal N. DiDomenico	Middlesex, Suffolk, and Essex
Susan C. Fargo	[District]
Timothy R. Madden	Barnstable, Dukes and Nantucket
Denise Provost	27th Middlesex

,	Hampshire and Franklin
Ellen Story	3rd Hampshire
Martha M. Walz	8th Suffolk
Daniel A. Wolf	[District]

## **SENATE . . . . . . . . . . . . . . . . No. 501**

By Mr. Eldridge, a petition (accompanied by bill, Senate, No. 501) of James B. Eldridge, Jason M. Lewis, Kay Khan, Kenneth J. Donnelly and other members of the General Court for legislation to establish Medicare for all in Massachusetts. 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 2	the following	SECTION 1. The Massachusetts General Laws are hereby amended by adding new chapter:—
3		CHAPTER X.
4		MASSACHUSETTS HEALTH CARE TRUST
5		Table of Contents
6	•	Section 1: Preamble
7	•	Section 2: Definitions
8	•	Section 3: Establishment of the Massachusetts Health Care Trust
9	•	Section 4: Powers of the Trust
10	•	Section 5: Purposes of the Trust
11	•	Section 6: Board of Trustees; Composition; Powers and Duties
12	•	Section 7: Executive Director; Purpose and Duties
13	•	Section 8: Regional Division; Director, Offices, Purposes and Duties
14	•	Section 9: Administrative Division; Director; Purpose and Duties

15	•	Section 10: Planning Division; Director; Purpose and Duties
16	•	Section 11: Information Technology Division; Purpose & Duties
17	•	Section 12: Quality Assurance Division; Director; Purpose and Duties
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19	•	Section 14: Eligible Health Care Providers and Facilities
20 21	• Facilities	Section 15: Budgeting and Payments to Eligible Health Care Providers and
22	•	Section 16: Covered Benefits
23	•	Section 17: Wraparound Coverage for Federal Health Programs
24	•	Section 18: Establishment of the Health Care Trust Fund
25	•	Section 19: Purpose of the Trust Fund
26	•	Section 20: Funding Sources
27	o	20.A: Overview
28	O	20.B: Health Care Funding
29 30	o Revenue	20.C: Consolidating Public Health Care Spending and Collateral Sources of
31	§	20.C.1: Consolidation of State and Municipal Health Care Spending
32	§	20.C.2: Federal Sources of Revenue
33	§	20.C.3: Collection of Collateral Sources of Revenue
34	§	20.C.4: Retention of Funds
35	O	20.D: Transitional Provisions
36	•	Section 21: Insurance Reforms
37	•	Section 22: Health Trust Regulatory Authority
38	•	Section 23: Implementation of the Health Care Trust
39		Section 1: Preamble.

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

#### (a) COST CONTROL AND AFFORDABILITY

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

## (b) UNIVERSAL EQUITABLE ACCESS

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

### (c) QUALITY OF CARE

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

Section 2: Definitions.

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75 76	The following words and phrases shall have the following meanings, except where the context clearly requires otherwise:—
77	"Board" means the board of trustees of the Massachusetts Health Care Trust.
78 79 80 81 82 83 84	"Employer" means every person, partnership, association, corporation, trustee, receiver, the legal representatives of a deceased employer and every other person, including any person or corporation operating a railroad and any public service corporation, the state, county, municipal corporation, township, school or road, school board, board of education, curators, managers or control commission, board or any other political subdivision, corporation, or quasi-corporation, or city or town under special charter, or under the commission for of government, using the service of another for pay in the commonwealth.
85 86	"Executive Director" means the executive director of the Massachusetts Health Care Trust.
87 88 89	"Health care" means care provided to a specific individual by a licensed health care professional to promote physical and mental health, to treat illness and injury and to prevent illness and injury.
90 91 92 93	"Health care facility" means any facility or institution, whether public or private, proprietary or nonprofit, that is organized, maintained, and operated for health maintenance or for the prevention, diagnosis, care and treatment of human illness, physical or mental, for one or more persons.
94 95 96 97	"Health care provider" means any professional person, medical group, independent practice association, organization, health care facility, or other person or institution licensed or authorized by law to provide professional health care services to an individual in the commonwealth.
98 99	"Health maintenance organization" means a provider organization that meets the following criteria:
100 101	(1) Is fully integrated operationally and clinically to provide a broad range of health care services;
102	(2) Is compensated using capitation or overall operating budget; and
103 104 105 106	(3) Provides health care services primarily through direct care providers who are either employees or partners of the organization, or through arrangements with direct care providers or one or more groups of physicians, organized on a group practice or individual practice basis.

107 108 109	"Professional advisory committee" means a committee of advisors appointed by the director of the Administrative, Planning, Information, Technology, or any Regional division of the Massachusetts Health Care Trust.
110 111 112 113	"Resident" means a person who lives in Massachusetts as evidenced by an intent to continue to live in Massachusetts and to return to Massachusetts if temporarily absent, coupled with an act or acts consistent with that intent. The Trust shall adopt standards and procedures for determining whether a person is a resident. Such rules shall include:
114 115	(1) a provision requiring that the person seeking resident status has the burden of proof in such determination;
116 117	(2) a provision requiring reasonable durational domicile requirements not to exceed 2 years for long term care and 90 days for all other covered services;
118 119	(3) a provision that a residence established for the purpose of seeking health care shall not by itself establish that a person is a resident of the commonwealth; and
120 121 122 123	(4) a provision that, for the purposes of this chapter, the terms "domicile" and "dwelling place" are not limited to any particular structure or interest in real property and specifically includes homeless individuals with the intent to live and return to Massachusetts if temporarily absent coupled with an act or acts consistent with that intent.
124 125	"Secretary" means the secretary of the executive office of health and human services.
126 127	"Trust" means the Massachusetts Health Care Trust established in section five of this chapter.
128 129	"Trust Fund" means the Massachusetts Health Care Trust Fund established in section eighteen of this chapter.
130	Section 3. Establishment of the Massachusetts Health Care Trust.
131 132 133 134 135 136 137 138 139 140	There is hereby created an independent body, politic and corporate, to be known as the Massachusetts Health Care Trust, hereinafter referred to as the Trust, to function as the single public agency, or "single payer," responsible for the collection and disbursement of funds required to provide health care services for every resident of the Commonwealth. The Trust is hereby constituted a public instrumentality of the commonwealth and the exercise by the Trust of the powers conferred by this chapter shall be deemed and held the performance of an essential governmental function. The Trust is hereby placed in the executive office of health and human services, but shall not be subject to the supervision or control of said office or of any board, bureau, department or other agency of the commonwealth except as specifically provided by this chapter.

<ul><li>141</li><li>142</li><li>143</li><li>144</li><li>145</li><li>146</li></ul>	The provisions of chapter two hundred sixty-eight A shall apply to all trustees, officers and employees of the Trust, except that the Trust may purchase from, contract with or otherwise deal with any organization in which any trustee is interested or involved: provided, however, that such interest or involvement is disclosed in advance to the trustees and recorded in the minutes of the proceedings of the Trust: and provided, further, that a trustee having such interest or involvement may not participate in any decision relating to such organization.
147 148 149 150 151	Neither the Trust nor any of its officers, trustees, employees, consultants or advisors shall be subject to the provisions of section three B of chapter seven, sections nine A, forty-five, forty-six and fifty-two of chapter thirty, chapter thirty B or chapter thirty-one: provided, however, that in purchasing goods and services, the corporation shall at all times follow generally accepted good business practices.
152 153 154 155	All officers and employees of the Trust having access to its cash or negotiable securities shall give bond to the Trust at its expense, in such amount and with such surety as the board of trustees shall prescribe. The persons required to give bond may be included in one or more blanket or scheduled bonds.
156 157 158 159 160 161	Trustees, officers and advisors who are not regular, compensated employees of the Trust shall not be liable to the commonwealth, to the Trust or to any other person as a result of their activities, whether ministerial or discretionary, as such trustees, officers or advisors except for willful dishonesty or intentional violations of law. The board of the Trust may purchase liability insurance for trustees, officers, advisors and employees and may indemnify said persons against the claims of others.
162	Section 4: Powers of the Trust.
163	The Trust shall have the following powers:
164 165	(1) to make, amend and repeal by-laws, rules and regulations for the management of its affairs;
166	(2) to adopt an official seal;
167	(3) to sue and be sued in its own name;
168 169	(4) to make contracts and execute all instruments necessary or convenient for the carrying on of the purposes of this chapter;
170 171	(5) to acquire, own, hold, dispose of and encumber personal, real or intellectual property of any nature or any interest therein;
172 173 174	(6) to enter into agreements or transactions with any federal, state or municipal agency or other public institution or with any private individual, partnership, firm, corporation, association or other entity;

<ul><li>175</li><li>176</li></ul>	(7) to appear on its own behalf before boards, commissions, departments or other agencies of federal, state or municipal government;
177 178	(8) to appoint officers and to engage and employ employees, including legal counsel, consultants, agents and advisors and prescribe their duties and fix their compensations;
179	(9) to establish advisory boards;
180 181	(10) to procure insurance against any losses in connection with its property in such amounts, and from such insurers, as may be necessary or desirable;
182 183 184	(11) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in such investments as may be lawful for fiduciaries in the commonwealth pursuant to sections thirty-eight and thirty-eight A of chapter twenty nine
185 186 187 188 189 190 191 192 193	(12) to accept, hold, use, apply, and dispose of any and all donations, grants, bequests and devises, conditional or otherwise, of money, property, services or other things of value which may be received from the United States or any agency thereof, any governmental agency, any institution, person, firm or corporation, public or private, such donations, grants, bequests and devises to be held, used, applied or disposed for any or all of the purposes specified in this chapter and in accordance with the terms and conditions of any such grant. Â Receipt of each such donation or grant shall be detailed in the annual report of the Trust; such annual report shall include the identity of the donor, lender, the nature of the transaction and any condition attaching thereto;
194 195	(13) to do any and all other things necessary and convenient to carry out the purposes of this chapter.
196	Section 5: Purposes of the Trust.
197 198	The purposes of the Massachusetts Health Care Trust shall include the following:
199 200	(1) To guarantee every Massachusetts resident access to high quality health care by:
201 202	(a) providing reimbursement for all medically appropriate health care services offered by the eligible provider or facility of each resident's choice;
203 204	(b) funding capital investments for adequate health care facilities and resources statewide
205 206 207	(2) To save money by replacing the current mixture of public and private health care plans with a uniform and comprehensive health care plan available to every Massachusetts resident;

208 209 210	support the current health care service	(3) To replace the redundant private and public bureaucracies required to nt system with a single administrative and payment mechanism for covered res;
211		(4) To use administrative and other savings to:
212		(a) expand covered health care services;
213		(b) contain health care cost increases; and
214 215	care service quali	(c) create provider incentives to innovate and compete by improving health ty and delivery to patients;
216 217	threshold to be de	(5) To fund, approve and coordinate capital improvements in excess of a etermined annually by the executive director to qualified health care facilities to:
218		(a) avoid unnecessary duplication of health care facilities and resources; and
219 220	facilities in under	(b) encourage expansion or location of health care providers and health care reserved communities;
221 222	Massachusetts he	(6) To assure the continued excellence of professional training and research at alth care facilities;
223		(7) To achieve measurable improvement in health care outcomes;
224 225	functionality;	(8) To prevent disease and disability and maintain or improve health and
226 227	special needs as v	(9) To ensure that all Massachusetts residents receive care appropriate to their well as care that is culturally and linguistically competent;
228 229	providers, consur	(10) To increase satisfaction with the health care system among health care mers, and the employers and employees of the commonwealth;
<ul><li>230</li><li>231</li></ul>	linguistically sens	(11) To implement policies which strengthen and improve culturally and sitive care;
<ul><li>232</li><li>233</li></ul>	health care planni	(12) To develop an integrated population-based health care database to support ing; and
234 235 236		(13) To fund training and re-training programs for professional and non- ters in the health care sector displaced as a direct result of implementation of
237		Section 6: Board of Trustees - Composition Powers and Duties

238 The Trust shall be governed by a board of trustees with twenty-three members. 239 The board shall include the secretary of health and human services, the secretary of administration and finance, and the commissioner of public health. 240

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The Governor shall appoint: three trustees nominated by organizations of 242 health care professionals who deliver direct patient care; one nominated by a statewide organization of health care facilities; one nominated by an organization representing non-health 244 care employers; and a health care economist.

The Attorney General shall appoint: one trustee nominated by a statewide 246 labor organization; two trustees nominated by statewide organizations who have a record of advocating for universal single payer health care in Massachusetts; one nominated by an 248 organization representing Massachusetts senior citizens; one nominated by a statewide 249 organization defending the rights of children; and one nominated by an organization providing 250 legal services to low-income clients.

In addition, eight trustees, who are eligible to receive the benefits of the 252 Massachusetts Health Care Trust but who do not fall into any of the aforementioned categories, shall be elected by the citizens of the Commonwealth, one from each of the Governor's Council 254 districts. Candidates shall run in accordance with Fair Campaign Financing Rules. In order to 255 provide for staggered terms, from the first eight to be elected, two shall be elected for two years, 256 three for three years, and three for four years. Afterwards, all elected trustees shall be elected for four-year terms. All elected trustees shall be eligible for reelection, which would enable them to 257 serve a maximum of eight consecutive years. 258

259 Each appointed trustee shall serve a term of five years: provided, however, that 260 initially four appointed trustees shall serve three year terms, four appointed trustees shall serve 261 four year terms, and four appointed trustees shall serve five year terms. The initial appointed trustees shall be assigned to a three, four, or five year term by lot. Any person appointed to fill a vacancy on the board shall serve for the unexpired term of the predecessor trustee. Any 263 appointed trustee shall be eligible for reappointment. Any appointed trustee may be removed 264 265 from his appointment by the governor for just cause.

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

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

<ul><li>275</li><li>276</li></ul>	at, and participation in, not less than 75 percent of the total meeting time of the board during any particular 24-hour period.
<ul><li>277</li><li>278</li><li>279</li><li>280</li></ul>	No member of the board of trustees shall make, participate in making, or in any way attempt to use his or her official position to influence a governmental decision in which he or she knows or has reason to know that he or she, or a family member or a business partner or colleague has a financial interest.
281 282 283	In general, the board is responsible for ensuring universal access to high quality, affordable health care for every resident of the Commonwealth. The Board shall specifically address all of the following:
284 285 286	(1) Establish policy on medical issues, population-based public health issues, research priorities, scope of services, expanding access to care, and evaluation of the performance of the system;
287 288 289	(2) Evaluate proposals from the executive director and others for innovative approaches to health promotion, disease and injury prevention, health education and research, and health care delivery.
290 291	(3) Establish standards and criteria by which requests by health facilities for capital improvements shall be evaluated.
292	Section 7: Executive Director - Purpose and Duties.
293 294 295	The board of trustees shall hire an executive director who shall be the executive and administrative head of the Trust and shall be responsible for administering and enforcing the provisions of law relative to the Trust.
296 297 298	The executive director may, as s/he deems necessary or suitable for the effective administration and proper performance of the duties of the Trust and subject to the approval of the board of trustees, do the following:
299 300	(1) adopt, amend, alter, repeal and enforce, all such reasonable rules, regulations and orders as may be necessary;
301 302 303 304	(2) appoint and remove employees and consultants: provided, however, that, subject to the availability of funds in the Trust, at least one employee shall be hired to serve as director of each of the divisions created in sections eight through twelve, inclusive, of this chapter.
305	The executive director shall:
306 307	(1) establish an enrollment system that will ensure that all eligible Massachusetts residents are formally enrolled;

308 309	(2) use the purchasing power of the state to negotiate price discounts for prescription drugs and all needed durable and nondurable medical equipment and supplies;
310 311 312	(3) negotiate or establish terms and conditions for the provision of high quality health care services and rates of reimbursement for such services on behalf of the residents of the commonwealth;
313 314	(4) develop prospective and retrospective payment systems for covered services to provide prompt and fair payment to eligible providers and facilities;
315 316	(5) oversee preparation of annual operating and capital budgets for the statewide delivery of health care services;
317 318	(6) oversee preparation of annual benefits reviews to determine the adequacy of covered services; and
319 320 321	(7) prepare an annual report to be submitted to the governor, the president of the senate and speaker of the house of representatives and to be easily accessible to every Massachusetts resident.
322 323 324 325 326 327	The executive director of the trust may utilize and shall coordinate with the offices, staff and resources of any agencies of the executive branch including, but not limited to, the executive office of health and human services and all line agencies under its jurisdiction, the division of health care finance and policy, the department of revenue, the insurance division, the group insurance commission, the department of employment and training, the industrial accidents board, the health and educational finance authority, and all other executive agencies.
328	Section 8: Regional Division - Director, Offices, Purposes, and Duties.
329 330 331 332 333 334 335 336	There shall be a regional division within the Trust which shall be under the supervision and control of a director. The powers and duties given the director in this chapter and in any other general or special law shall be exercised and discharged subject to the control and supervision of the executive director of the Trust. The director of the regional division shall be appointed by the executive director of the Trust, with the approval of the board of trustees, and may, with like approval, be removed. The director may, at his/her discretion, establish a professional advisory committee to provide expert advice: provided, however, that such committee shall have at least 25% consumer representation.
337 338 339 340 341	The Trust shall have a reasonable number of regional offices located throughout the state. The number and location of these offices shall be proposed to the executive director and board of trustees by the director of the regional division after consultation with the directors of the planning, administration, quality assurance and information technology divisions and consideration of convenience and equity. The adequacy and appropriateness of the number and location of regional offices shall be reviewed by the board at least once every three years

343 344 345 346 347 348 349	Each regional office shall be professionally staffed to perform local outreach and informational functions and to respond to questions, complaints, and suggestions from health care consumers and providers. Each regional office shall hold hearings annually to determine unmet health care needs and for other relevant reasons. Regional office staff shall immediately refer evidence of unmet needs or of poor quality care to the director of the regional division who will plan and implement remedies in consultation with the directors of the administrative, planning, quality assurance, and information technology divisions.
350	Section 9: Administrative Division; Director; Purpose and Duties.
351 352 353 354 355 356 357 358	There shall be an administrative division within the Trust which shall be under the supervision and control of a director. The powers and duties given the director in this chapter and in any other general or special law shall be exercised and discharged subject to the direction, control and supervision of the executive director of the Trust. The director of the administrative division shall be appointed by the executive director of the Trust, with the approval of the board of trustees, and may, with like approval, be removed. The director may, at his/her discretion, establish a professional advisory committee to provide expert advice: provided, however, that such committee shall have at least 25% consumer representation.
359	The administrative division shall have day-to-day responsibility for:
360	(1) making prompt payments to providers and facilities for covered services;
361 362 363	(2) collecting reimbursement from private and public third party payers and individuals for services not covered by this chapter or covered services rendered to non-eligible patients;
364 365	(3) developing information management systems needed for provider payment, rebate collection and utilization review;
366 367	(4) investing trust fund assets consistent with state law and section nineteen of this chapter;
368	(5) developing operational budgets for the Trust; and
369	(6) assisting the planning division to develop capital budgets for the Trust.
370	Section 10: Planning Division - Director, Purpose, and Duties.
371 372 373 374 375 376	There shall be a planning division within the Trust which shall be under the supervision and control of a director. The powers and duties given the director in this chapter and in any other general or special law shall be exercised and discharged subject to the direction, control and supervision of the executive director of the Trust. The director of the planning division shall be appointed by the executive director of the Trust, with the approval of the board of trustees, and may, with like approval, be removed. The director may, at his/her discretion,

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

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379 The planning division shall have responsibility for coordinating health care 380 resources and capital expenditures to ensure all eligible participants reasonable access to covered 381 services. The responsibilities shall include but are not limited to:

- (1) An annual review of the adequacy of health care resources throughout the 383 commonwealth and recommendations for changes. Specific areas to be evaluated include but are not limited to the resources needed for underserved populations and geographic areas, for 384 culturally and linguistically competent care, and for emergency and trauma care. The director 385 will develop short term and long term plans to meet health care needs.
- 387 (2) An annual review of capital health care needs. Included in this evaluation, 388 but not limited to it are recommendations for a budget for all health care facilities, evaluating all 389 capital expenses in excess of a threshold amount to be determined annually by the executive 390 director, and collaborating with local and statewide government and health care institutions to coordinate capital health planning and investment. The director will develop short term and long term plans to meet capital expenditure needs. 392

393 In making its review, the planning division shall consult with the regional 394 offices of the Trust and shall hold hearings throughout the state on proposed recommendations. The division shall submit to the board of trustees its final review and recommendations by 396 October 1 of each year. Subject to board approval, the Trust shall adopt the recommendations.

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

398 There shall be an information technology division within the Trust which shall be under the supervision and control of a director. The powers and duties given the director in 399 this chapter and in any other general or special law shall be exercised and discharged subject to the direction, control and supervision of the executive director of the Trust. The director of the 402 information technology division shall be appointed by the executive director of the Trust, with the approval of the board of trustees, and may, with like approval, be removed. The director may, at his/her discretion, establish a professional advisory committee to provide expert advice: 405 provided, however, that such committee shall have at least 25% consumer representation.

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

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

411 412	(2) developing a tracking system to monitor quality of care, establish a patient data base and promote preventive care guidelines and medical alerts to avoid errors.
413 414 415 416 417 418	Notwithstanding that all billing shall be performed electronically, patients shall have the option of keeping any portion of their medical records separate from their electronic medical record. The information technology director shall work closely with the directors of the regional, administrative, planning and quality assurance divisions. The information technology division shall make an annual report to the board of trustees by October 1 of each year. Subject to board approval, the Trust shall adopt the recommendations.
419	Section 12: Quality Assurance Division - Director, Purpose, and Duties.
420 421 422 423 424 425 426 427	There shall be a quality assurance division within the Trust which shall be under the supervision and control of a director. The powers and duties given the director in this chapter and in any other general or special law shall be exercised and discharged subject to the direction, control and supervision of the executive director of the Trust. The director of the quality assurance division shall be appointed by the executive director of the Trust, with the approval of the board of trustees, and may, with like approval, be removed. The director may, at his/her discretion, establish a professional advisory committee to provide expert advice: provided, however, that such committee shall have at least 25% consumer representation.
428 429	The quality assurance division shall support the establishment of a universal, best quality of standard of care with respect to:
430	(a) appropriate staffing levels;
431	(b) appropriate medical technology;
432	(c) design and scope of work in the health workplace; and
433	(d) evidence-based best clinical practices.
434 435 436 437 438 439 440 441 442	The director shall conduct a comprehensive annual review of the quality of health care services and outcomes throughout the commonwealth and submit such recommendations to the board of trustees as may be required to maintain and improve the quality of health care service delivery and the overall health of Massachusetts residents. In making its reviews, the quality assurance division shall consult with the regional, administrative, and planning divisions and hold hearings throughout the state on quality of care issues. The division shall submit to the board of trustees its final review and recommendations on how to ensure the highest quality health care service delivery by October 1 of each year. Subject to board approval, the Trust shall adopt the recommendations.
443	Section 13: Eligible Participants.

444 445	Those persons who shall be recognized as eligible participants in the Massachusetts Health Care Trust shall include:
446	(1) all Massachusetts residents,
447	(2) all non-residents who:
448	(a) work 20 hours or more per week in Massachusetts;
449	(b) pay all applicable Massachusetts personal income and payroll taxes;
450 451	(c) pay any additional premiums established by the Trust to cover non-residents; and
452 453	(d) have complied with requirements (a) through (c) inclusive for at least 90 days
454 455 456	(3) All non-resident patients requiring emergency treatment for illness or injury: provided, however, that the trust shall recoup expenses for such patients wherever possible.
457 458 459 460 461	Payment for emergency care of Massachusetts residents obtained out of state shall be at prevailing local rates. Payment for non-emergency care of Massachusetts residents obtained out of state shall be according to rates and conditions established by the executive director. The executive director may require that a resident be transported back to Massachusetts when prolonged treatment of an emergency condition is necessary.
462 463 464	Visitors to Massachusetts shall be billed for all services received under the system. The executive director of the Trust may establish intergovernmental arrangements with other states and countries to provide reciprocal coverage for temporary visitors.
465	Section 14: Eligible Health Care Providers and Facilities.
466 467 468	Eligible health care providers and facilities shall include an agency, facility, corporation, individual, or other entity directly rendering any covered benefit to an eligible patient: provided, however, that the provider or facility:
469	(1) is licensed to operate or practice in the commonwealth;
470 471	(2) does not provide health care services covered by, but not paid for, by the trust;
472	(3) furnishes a signed agreement that:

473 474 475	of factors including, but not limited to age, sex, race, national origin, sexual orientation, income status or preexisting condition;
476 477 478	(b) the provider or facility will comply with all state and federal laws regarding the confidentiality of patient records and information; (c) no balance billing or out-of-pocket charges will be made for covered services unless otherwise provided in this chapter; and
479 480 481 482	(d) the provider or facility will furnish such information as may be reasonably required by the Trust for making payment, verifying reimbursement and rebate information, utilization review analyses, statistical and fiscal studies of operations and compliance with state and federal law;
483 484	(4) meets state and federal quality guidelines including guidance for safe staffing, quality of care, and efficient use of funds for direct patient care;
485 486	(5) is a non-profit health maintenance organization that actually delivers care in its facilities and employs clinicians on a salaried basis; and
487 488	(6) meets whatever additional requirements that may be established by the Trust.
489 490	Section 15: Budgeting and Payments to Eligible Health Care Providers and Facilities.
491	To carry out this Act there are established on an annual basis:
492	(1) an operating budget;
493	(2) a capital expenditures budget; and
494	(3) reimbursement levels for providers consistent with Section 20;
495	The operating budget shall be used for:
496	(a) payment for services rendered by physicians and other clinicians;
497	(b) global budgets for institutional providers;
498	(c) capitation payments for capitated groups; and
499	(d) administration of the Trust.
500 501 502	Payments for operating expenses shall not be used to finance capital expenditures; payment of exorbitant salaries; or for activities to assist, promote, deter or discourage union organizing. Any prospective payments made in excess of actual costs for

503 504 505 506	covered services shall be returned to the Trust. Prospective payment rates and schedules shall be adjusted annually to incorporate retrospective adjustments. Except as provided in section sixteen of this chapter, reimbursement for covered services by the Trust shall constitute full payment for the services rendered.
507 508	The Trust shall provide for retrospective adjustment of payments to eligible health care facilities and providers to:
509 510	(a) assure that payments to such providers and facilities reflect the difference between actual and projected utilization and expenditures for covered services; and
<ul><li>511</li><li>512</li><li>513</li><li>514</li></ul>	(b) protect health care providers and facilities who serve a disproportionate share of eligible participants whose expected utilization of covered health care services and expected health care expenditures for such services are greater than the average utilization and expenditure rates for eligible participants statewide.
515	The capital expenditures budget shall be used for funds needed for
516	(a) the construction or renovation of health facilities; and
517	(b) for major equipment purchases.
<ul><li>518</li><li>519</li><li>520</li><li>521</li></ul>	Payment provided under this section can be used only to pay for the operating costs of eligible health care providers or facilities, including reasonable expenditures, as determined through budget negotiations with the Trust, for the maintenance, replacement and purchase of equipment.
<ul><li>522</li><li>523</li><li>524</li><li>525</li><li>526</li></ul>	The Trust shall provide funding for payment of debt service on outstanding bonds as of the effective date of this Act and shall be the sole source of future funding, whether directly or indirectly, through the payment of debt service, for capital expenditures by health care providers and facilities covered by the Trust in excess of a threshold amount to be determined annually by the executive director.
527	Section 16: Covered Benefits.
528 529	The Trust shall pay for all professional services provided by eligible providers and facilities to eligible participants needed to:
530 531	(1) provide high quality, appropriate and medically necessary health care services;
<ul><li>532</li><li>533</li></ul>	(2) encourage reductions in health risks and increase use of preventive and primary care services; and

534 535	services.	3) integrate physical health, mental and behavioral health and substance abuse
536 537		Covered benefits shall include all high quality health care determined to be y or appropriate by the Trust, including, but not limited to, the following:
538 539 540 541	laboratory, diagnos	1) prevention, diagnosis and treatment of illness and injury, including tic imaging, inpatient, ambulatory and emergency medical care, blood and lysis, mental health services, dental care, acupuncture, physical therapy, diatric services;
542 543	`	2) promotion and maintenance of individual health through appropriate ng and health education;
544 545		3) the rehabilitation of sick and disabled persons, including physical, other specialized therapies;
546 547	reproductive health	4) prenatal, perinatal and maternity care, family planning, fertility and care;
548	(:	5) home health care including personal care;
549	(6	6) long term care in institutional and community-based settings;
550	(	7) hospice care;
551 552	Trust shall determin	8) language interpretation and such other medical or remedial services as the ne;
553	(9	9) emergency and other medically necessary transportation;
554		10) the full scale of dental services, other than cosmetic dentistry;
555 556	cosmetic purposes;	11) basic vision care and correction, other than laser vision correction for
557		12) hearing evaluation and treatment including hearing aids;
558		13) prescription drugs; and
559		14) durable and non-durable medical equipment, supplies and appliances.
560 561 562 563	imposed with respe	No deductibles, co-payments, co-insurance, or other cost sharing shall be ect to covered benefits. Patients shall have free choice of participating er clinicians, hospitals, inpatient care facilities and other providers and

564	Section 17. Wraparound Coverage for Federal Health Programs.
565 566 567 568 569 570 571	Prior to obtaining waivers to receive federal matching funds through the Health Care Trust, the Trust will seek to ensure that participants eligible for federal program coverage receive access to care and coverage equal to that of all other Massachusetts participants. It shall do so by (a) paying for all services enumerated under Section 16 not covered by the relevant federal plans; (b) paying for all such services during any federally mandated gaps in participants' coverage; and (c) paying for any deductibles, co-payments, co-insurance, or other cost sharing incurred by such participants.
572	Section 18: Establishment of the Health Care Trust Fund.
573 574 575 576 577 578 579	In order to support the Trust effectively, there is hereby established the health care trust fund, hereinafter the Trust Fund, which shall be administered and expended by the executive director of the Trust subject to the approval of the board. The Fund shall consist of all revenue sources defined in Section 20, and all property and securities acquired by and through the use of monies deposited to the Trust Fund and all interest thereon less payments therefrom to meet liabilities incurred by the Trust in the exercise of its powers and the performance of its duties.
580 581	All claims for health care services rendered shall be made to the Trust Fund and all payments made for health care services shall be disbursed from the Trust Fund.
582	Section 19: Purpose of the Trust Fund.
583	Amounts credited to the Trust Fund shall be used for the following purposes:
584 585	(1) to pay eligible health care providers and health care facilities for covered services rendered to eligible individuals;
586 587 588	(2) to fund capital expenditures for eligible health care providers and health care facilities for approved capital investments in excess of a threshold amount to be determined annually by the executive director;
589 590	(3) to pay for preventive care, education, outreach, and public health risk reduction initiatives, not to exceed 5% of Trust income in any fiscal year;
591 592	(4) to supplement other sources of financing for education and training of the health care workforce, not to exceed 2% of Trust income in any fiscal year;
593 594	(5) to supplement other sources of financing for medical research and innovation, not to exceed 1% of Trust income in any fiscal year;
595 596	(6) to supplement other sources of financing for training and retraining programs for workers displaced as a result of administrative streamlining gained by moving from

597 598 599	a multi-payer to a single payer health care system, not to exceed 2% of Trust income in any fiscal year: provided, however, that eligible workers must have enrolled by June 20 of the third year following full implementation of this chapter;
600 601 602 603 604	(7) to fund a reserve account to finance anticipated long-term cost increases due to demographic changes, inflation or other foreseeable trends that would increase Trust Fund liabilities, and for budgetary shortfall, epidemics, and other extraordinary events, not to exceed 1% of Trust income in any fiscal year: provided, however, that the Trust reserve account shall at no time constitute more than 5% of total Trust assets;
605 606	(8) to pay the administrative costs of the Trust which, within two years of full implementation of this chapter shall not exceed 5% of Trust income in any fiscal year.
607 608	Unexpended Trust assets shall not be deemed to be "surplus" funds as defined by chapter twenty-nine of the general laws.
609	Section 20: Funding Sources.
610	20.A: Overview
611 612 613 614 615 616 617 618 619 620	The Trust shall be the repository for all health care funds and related administrative funds. A fairly apportioned, dedicated health care tax on employers, workers, and citizens will replace spending on insurance premiums and out-of-pocket spending for services covered by the Trust. The Trust will enable the state to pass lower health care costs on to residents and businesses through savings from administrative simplification, bulk purchasing discounts on pharmaceuticals and medical supplies, and through early detection and intervention by universally available primary and preventive care. Additionally, collateral sources of revenue – such as from the federal government, non-residents receiving care in the state, or from personal liability – will be recovered by the Trust. Lastly, the Trust shall enact provisions ensuring a smooth transition to a universal health care system for employers and residents.
621	20.B: Health Care Funding
<ul><li>622</li><li>623</li><li>624</li><li>625</li></ul>	The following dedicated health care taxes will replace spending on insurance premiums and out-of-pocket spending for services covered by the Trust. Prior to each state fiscal year of operation, the Trust will prepare for the Legislature a projected budget for the coming fiscal year, with recommendations for rising or declining revenue needs.
626 627 628	• An employer payroll tax of 7.5 percent will be assessed, exempting the first \$30,000 of payroll per establishment, replacing previous spending by employers on health premiums. An additional employer payroll tax of 0.44% will be assessed on establishments with

629 100 or more employees;

630 631	• An employee payroll tax of 2.5 percent will be assessed, replacing previous spending by employees on health premiums and out-of-pocket expenses;
632 633	• A payroll tax on the self-employed of 10 percent will be assessed, exempting the first \$30,000 of payroll per self-employed resident.
634 635	• A tax on unearned income of 12.5 percent will be assessed to fairly distribute the costs of health care across various sources of income.
636 637 638	An employer, private or public, may agree to pay all or part of an employee's payroll tax obligation. Such payment shall not be considered income for Massachusetts income tax purposes.
639 640 641	Default, underpayment, or late payment of any tax or other obligation imposed by the Trust shall result in the remedies and penalties provided by law, except as provided in this section.
642 643	Eligibility for benefits shall not be impaired by any default, underpayment, or late payment of any tax or other obligation imposed by the Trust.
644 645	20.C: Consolidating Public Health Care Spending and Collateral Sources of Revenue
646 647 648 649 650 651 652 653	It is the intent of this act to establish a single public payer for all health care in the commonwealth. Towards this end, public spending on health insurance will be consolidated into the Trust to the greatest extent possible. Until such time as the role of all other payers for health care has been terminated, health care costs shall be collected from collateral sources whenever medical services provided to an individual are, or may be, covered services under a policy of insurance, health care service plan, or other collateral source available to that individual, or for which the individual has a right of action for compensation to the extent permitted by law.
654	20.C.1: Consolidation of State and Municipal Health Care Spending
655 656 657 658 659 660 661	The Legislature will be empowered to transfer funds from the General Fund sufficient to meet the Trust's projected expenses beyond projected income from dedicated tax revenues. This lump transfer will replace current General Fund spending on health benefits for state employees, services for patients at public in-patient facilities, and all means- or needs-tested health benefit programs. Additionally, the Legislature will reduce local aid to municipalities commensurate with the reduced burden of health insurance premiums for municipal employees and contractors.
662	20.C.2: Federal Sources of Revenue

<ul><li>663</li><li>664</li></ul>	The Trust shall receive all monies paid to the commonwealth by the federal government for health care services covered by the Trust. The Trust shall seek to maximize all	
665	sources of federal financial support for health care services in Massachusetts. Accordingly, the executive director shall seek all necessary waivers, exemptions, agreements, or legislation, if	
667	needed, so that all current federal payments for health care shall, consistent with the federal law,	
668	be paid directly to the Trust Fund. In obtaining the waivers, exemptions, agreements, or	
669	legislation, the executive director shall seek from the federal government a contribution for	
670	health care services in Massachusetts that shall not decrease in relation to the contribution to	
671	other states as a result of the waivers, exemptions, agreements, or legislation.	
672	20.C.3: Collection of Collateral Sources of Revenue	
673	As used in this section, collateral source includes all of the following:	
674 675	• insurance policies written by insurers, including the medical components of automobile, homeowners, workers' compensation, and other forms of insurance;	
676	<ul> <li>health care service plans and pension plans;</li> </ul>	
677	<ul> <li>employee benefit contracts;</li> </ul>	
678	• government benefit programs;	
679	<ul> <li>a judgment for damages for personal injury;</li> </ul>	
680 681	• any third party who is or may be liable to an individual for health care services or costs;	
682 683	As used in this section, collateral sources do not include either of the following:	
684	<ul> <li>a contract or plan that is subject to federal preemption;</li> </ul>	
685 686	• any governmental unit, agency, or service, to the extent that subrogation is prohibited by law.	
687 688 689	An entity described as a collateral source is not excluded from the obligations imposed by this section by virtue of a contract or relationship with a governmental unit, agency, or service.	
690 691 692 693 694	Whenever an individual receives health care services under the Trust and s/he is entitled to coverage, reimbursement, indemnity, or other compensation from a collateral source, s/he shall notify the health care provider or facility and provide information identifying the collateral source other than federal sources, the nature and extent of coverage or entitlement, and other relevant information. The health care provider or facility shall forward this information	

695 to the executive director. The individual entitled to coverage, reimbursement, indemnity, or other 696 compensation from a collateral source shall provide additional information as requested by the 697 executive director.

698 The Trust shall seek reimbursement from the collateral source for services 699 provided to the individual, and may institute appropriate action, including suit, to recover the 700 costs to the Trust. Upon demand, the collateral source shall pay to the Trust Fund the sums it 701 would have paid or expended on behalf of the individuals for the health care services provided 702 by the Trust.

If a collateral source is exempt from subrogation or the obligation to reimburse 704 the Trust as provided in this section, the executive director may require that an individual who is 705 entitled to medical services from the collateral source first seek those services from that source 706 before seeking those services from the Trust.

707 To the extent permitted by federal law, contractual retiree health benefits 708 provided by employers shall be subject to the same subrogation as other contracts, allowing the 709 Trust to recover the cost of services provided to individuals covered by the retiree benefits, 710 unless and until arrangements are made to transfer the revenues of the benefits directly to the 711 Trust.

- 712 20.C.4: Retention of Funds
- 713 The Trust shall retain:

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- 714 all charitable donations, gifts, grants or bequests made to it from whatever 715 source consistent with state and federal law;
- 716 payments from third party payers for covered services rendered by eligible 717 providers to non-eligible patients but paid for by the Trust;
- 718 income from the investment of Trust assets, consistent with state and 719 federal law.
- 720 20.D: Transitional Provisions

721 Any employer which has a contract with an insurer, health services corporation or health maintenance organization to provide health care services or benefits for its employees, which is in effect on the effective date of this section, shall be entitled to an income tax credit against premiums otherwise due in an amount equal to the Trust fund premium due pursuant to this section 725

726 Any insurer, health services corporation, or health maintenance organization 727 which provides health care services or benefits under a contract with an employer which is in 728 effect on the effective date of this act shall pay to the Trust Fund an amount equal to the Health

729 730 731 732	Trust premium which would have been paid by the employer if the contract with the insurer, health services corporation or health maintenance organizations were not in effect. For purposes of this section, the term "insurer" includes union health and welfare funds and self-insured employers.
733 734 735 736 737 738	Six months prior to the establishment of a single payer system, all laws and regulations requiring health insurance carriers to maintain cash reserves for purposes of commercial stability (such as under Chapter 176G, Section 25 of the General Laws) shall be repealed. In their place, the Executive Director of the Trust shall assess an annual health care stabilization fee upon the same carriers, amounting to the same sum previously required to be held in reserves, which shall be credited to the Health Care Trust Fund.
739	Section 21: Insurance Reforms.
740 741 742 743	Insurers regulated by the division of insurance are prohibited from charging premiums to eligible participants for coverage of services already covered by the Trust. The commissioner of insurance shall adopt, amend, alter, repeal and enforce all such reasonable rules and regulations and orders as may be necessary to implement this section.
744	Section 22: Health Trust Regulatory Authority.
745 746 747 748	The Trust shall adopt and promulgate regulations to implement the provisions of this chapter. The initial regulations may be adopted as emergency regulations but those emergency regulations shall be in effect only from the effective date of this chapter until the conclusion of the transition period.
749	Section 23: Implementation of the Health Care Trust.
750 751 752	Not later than thirty days after enactment of this legislation, the governor shall make the initial appointments to the board of the Massachusetts Health Care Trust. The first meeting of the trustees shall take place within 60 days of the election of trustees to the board.