



SPONSOR: Rep. Williams & Sen. Henry;
Reps. Caulk, Keeley

HOUSE OF REPRESENTATIVES

141st GENERAL ASSEMBLY

HOUSE BILL NO. 552

AN ACT TO AMEND TITLE 31 OF THE DELAWARE CODE RELATING TO HEALTH INSURANCE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Two-thirds of all members elected to each house thereof concurring therein):

1 Section 1. Amend Title 31 of the Delaware Code by adding a new chapter thereto as follows:

2 "Chapter 16. DELAWARE HEALTH SECURITY ACT

3 §1601. Findings and Declarations

4 a) The General Assembly finds and declares that the current system of health care coverage for Delaware citizens
5 is both program and cost ineffective based on the following evidence:

6 (1) Approximately 100,000 Delawareans have no health insurance and equal numbers of Delawareans
7 have inadequate health care coverage.

8 (2) Most Delawareans without health insurance are workers and their families, and the number of
9 working uninsured is expected to increase significantly over the next decade.

10 (3) The present health care insurance system is increasingly unresponsive to health needs and has taken
11 important medical decisions away from health care professionals and patients and placed them into the hands of
12 insurance company administrators.

13 (4) The present health care insurance system is increasingly bureaucratic and wastefully expensive, with
14 a significant proportion of our health care dollars going to insurance company profits and to corporate overhead
15 and administrative costs, including high salaries, lobbying expenses, marketing, and multiple and needlessly
16 complex claims processing procedures.

17 (5) With the projection of double-digit percent annual cost increases in health care premiums, managed
18 care has become managed costs, and has not proven to be the cure for escalating health care costs, and this Act
19 will eliminate these large annual increases;

20 (6) Narrowly targeted reform activities such as a Patient's Bill of Rights will not fundamentally change a
21 structurally flawed system; and

22 (7) Delawareans strongly support significant, comprehensive reform of our state's costly and inadequate
23 health care system.

24 (b) The General Assembly finds and declares that enacting a single-payer, non-government run Delaware Health
25 Security Act will guarantee comprehensive, quality health care coverage for all Delawareans from the moment of
26 conception until one's last breath is taken. Statewide studies in Delaware and other states have documented the program
27 and cost effectiveness of a single-payer health care system at the state level. This Act will be governed by and financed
28 through an independent Health Security Authority within the State Department of Health and Social Services. The
29 Authority's Board will have representatives from health professions, consumer groups, health committees from the State
30 Senate and House of Representatives and the Secretary of The Department of Health and Social Services representing the
31 Governor's office. This Delaware Health Security legislation will guarantee all Delaware citizens and out-of-state citizens
32 who have health care coverage through Delaware employers the following:

33 (1) Continued access to comprehensive, quality health care without regard to income, employment
34 (except for out-of-state citizens who lose Delaware employment) or health status;

35 (2) Freedom to choose their health care professionals and all health providers and services;

36 (3) A comprehensive benefits package covering all health needs without any supplemental insurance,
37 co-payments or deductibles;

38 (4) Health care providers who will practice according to professional standards, without interference
39 from third-party decision-makers;

40 (5) Significant overall cost savings by streamlining health care financing, improving efficiency; and
41 expanding preventive care and eliminating costly, unnecessary insurance industry profits and practices.

42 §1602. Definitions.

43 The following words and phrases as used in this Chapter shall have the following meanings, except where the
44 context clearly requires otherwise:

45 (1) "Advisory Council" means the three advisory councils that represent each of our state's three
46 counties established pursuant to §1607 of this Chapter.

47 (2) "Board" means the appointed members of the Delaware Health Security Authority, which will
48 administer the Delaware Health Security Act.

49 (3) "Executive Director" means the executive director of the Delaware Health Security Authority.

50 (4) "Health Care" means care provided to an individual by a licensed health care professional to
51 promote physical and mental health, to prevent illness and injury and to treat illness and injury.

52 (5) "Health Care Authority" means the Delaware Health Security Authority established in §1603 of this
53 Chapter.

54 (6) "Health Care Facility" means any facility or institution, whether private or public, nonprofit or
55 proprietary, which offer diagnosis, treatment, inpatient or ambulatory care to two or more unrelated persons.

56 (7) "Health Care Provider" means a person, partnership, corporation or other business organization,
57 other than a facility or institution, licensed, certified or authorized by law to provide professional health care
58 services in the state to an individual.

59 (8) "Professional Advisory Committee" means a committee of advisors appointed by a director of a
60 division of the Delaware Health Security Authority.

61 (9) "Resident" means a person who lives in Delaware as evidenced by an intent to continue to live in
62 Delaware and to return to Delaware if temporarily absent, coupled with an act or acts consistent with that intent.
63 The Authority shall adopt standards and procedures for determining whether a person is a resident and for
64 determining out-of-state citizens' eligibility based on receiving health care coverage through their Delaware
65 employers. Such rules and standards shall include:

66 (i) A provision requiring that the person seeking resident status has the burden of proof in such
67 determination;

68 (ii) Reasonable durational domicile requirements not to exceed two years for long term care
69 and 90 days for all other covered services;

70 (iii) A provision that a residence established for the purpose of seeking health care shall not by
71 itself establish that a person is a resident of the state; and

72 (iv) A provision that, for the purposes of this Chapter, the terms "domicile" and "dwelling
73 place" are not limited to any particular structure or in real property and specifically includes

74 homeless individuals with the intent to live and return to Delaware if temporarily absent
75 coupled with an act or acts consistent with that intent.

76 (10) "Secretary" shall mean the Secretary of the Department of Health and Social Services.

77 (11) "Authority Fund" means the Delaware Health Security Authority Fund established in §1618 of this
78 Chapter.

79 §1603. Establishment of the Delaware Health Security Authority.

80 (a) There is hereby created a body corporate and politic to be known as the Delaware Health Security Authority
81 hereinafter referred to as the Authority. The Authority is hereby constituted a public instrumentality of the state and the
82 exercise by the Authority of the powers conferred by this Act shall be deemed and held the performance of an essential
83 governmental function. The Authority is placed in the Department of Health and Human Services but shall not be subject
84 to the supervision or control of said Department or of any Board, Bureau, Department or other agency of the state except
85 as specifically provided by this Act.

86 (b) The Authority may purchase from, contract with or otherwise deal with any organization in which any
87 Authority board member is interested or involved; provided, however, that such interest or involvement is disclosed in
88 advance to the Authority's board members and recorded in the minutes of the proceedings of the Authority; and provided,
89 further, that any board member having such an interest or involvement may not participate in any debate or decision
90 relating to such organization.

91 (c) All officers and employees of the Authority having access to its cash or negotiable securities shall give bond
92 to the Authority at its expense, in such amount and with such surety as the Authority's board shall prescribe. The persons
93 required to give bond may be included in one or more blanket or schedules' bonds.

94 (d) Board members, officers and advisors who are not regular, compensated employees of the Authority shall not
95 be liable to the State, to the Authority or to any other person as a result of their activities, whether ministerial or
96 discretionary, as such board members, officers or advisors except for willful dishonesty or intentional violations of law.
97 The board of the Authority may purchase liability insurance for board members, officers, advisors and employees and
98 may indemnify said persons against the claims of others.

99 §1604. Powers of the Delaware Health Security Authority.

100 (a) The Authority shall have the following powers:

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

- 102 (2) To adopt an official seal;
- 103 (3) To sue and be sued in its own name;
- 104 (4) To make contracts and execute all instruments necessary or convenient for carrying out the purposes
105 of this Act;
- 106 (5) To acquire, own, hold, dispose of and encumber personal, real or intellectual property of any nature
107 of any interest therein;
- 108 (6) To enter into agreements or transactions with any federal, state or municipal agency or other public
109 institution or with any private individual, partnership, firm, corporation, association, or other entity;
- 110 (7) To appear on its own behalf before boards, commissions, departments or other agencies of federal,
111 state or municipal government;
- 112 (8) To appoint officers and to engage and employ employees, including legal counsel, consultants,
113 agents and advisors and prescribe their duties and fix their compensation;
- 114 (9) To establish advisory boards and councils;
- 115 (10) To procure insurance against any losses in connection with its property in such amounts, and from
116 such insurers, as may be necessary or desirable;
- 117 (11) To invest any funds held in reserves or sinking funds, or any funds not required for immediate
118 disbursement, in such investments as may be lawful for fiduciaries in the state;
- 119 (12) To accept, hold, use, apply and dispose of any and all donations, grants, bequests and devises,
120 conditional or otherwise, of money, property, services or other things of value, which may be received from the
121 United States or other agency thereof, any governmental agency, any institution, person, firm or corporation,
122 private or public. Such donations, grants, bequests and devises may be held, used, applied or disposed for any
123 and all of the purposes specified in this Act and shall be used in accordance with the terms and conditions of any
124 such grant. Receipt of each such donation or grant shall be detailed in the annual report of the Authority, which
125 shall include the identity of the donor, lender, the nature of each transaction and any conditions attached thereto;
126 and
- 127 (13) To do any and all other things necessary and convenient to carry out the purposes of the Delaware
128 Health Security Act.

129 §1605. Purpose of the Delaware Health Security Act.

130 The purposes of this Chapter are to:

131 (1) Guarantee every Delaware citizen, and out-of-state citizens who receive health care coverage from
132 Delaware employers, all necessary health care services offered by the provider of each citizen's choice;

133 (2) Replace the current mixture of private and public health care plans with a uniform and
134 comprehensive single-payer health care system available to every Delaware citizen;

135 (3) Replace the redundant private and public bureaucracies required to support the current system with a
136 single administrative and payment mechanism for covered health care services;

137 (4) Use administrative and other savings to:

138 (a) Expand covered health care services;

139 (b) Contain health care cost increases; and

140 (c) Create provider incentives to innovate and compete by improving health care service
141 quality and delivery to patients;

142 (5) Approve and coordinate capital improvements in excess of \$500,000 to qualified Health Care
143 Facilities to:

144 (a) Avoid unnecessary duplication of health care facilities and resources; and

145 (b) Encourage expansion of location of health care facilities and health care providers in
146 underserved communities;

147 (6) Supplement, when needed, private and other public financing for approved capital improvements of
148 qualified Health Care Facilities in excess of \$500,000;

149 (7) Assure the continuing excellence of professional training and research at Delaware Health Care
150 Facilities; and

151 (8) To fund training and re-training programs for professional and non-professional workers in the
152 health care sector displaced as a direct result of implementation of this Act.

153 §1606. Board of the Authority; Composition, Powers and Duties.

154 (a) There is hereby created a statewide Board that will govern the Delaware Health Security Authority. The
155 Board shall be comprised of fifteen members as follows:

156 (i) Two members of the State Senate, each of whom shall be a member of the Senate Committee
157 concerned with health care to be appointed by the President Pro Tem;

158 (ii) two members of the State House of Representatives, each of whom shall be a member of the House
159 Committee concerned with health care to be appointed by the Speaker of the House;

160 (iii) the Secretary of the Department of Health and Social Services;

161 (iv) five representatives from different health care professional organizations to be appointed by the
162 Governor and confirmed by the Senate; and

163 (v) five members from consumer groups that have endorsed a single-payer health care system at least
164 five years prior to the enactment of this Chapter, to be appointed by the Governor and confirmed by the Senate.

165 (b) The Governor shall make appointments to the Board from nominations submitted by eligible organizations.
166 Eligible organizations shall submit nominees to the Governor within one month of enactment of this Act. The Governor
167 shall make Board appointments within two months of receiving these nominations. In making appointments, the Governor
168 shall consider geographic and demographic diversity.

169 (c) Each Board member shall serve a term of five years; provided, however, that in making the initial
170 appointments, five members shall serve three-year terms, five members shall serve four-year terms and five members
171 shall serve five-year terms. Any person appointed to fill a vacancy on the Board shall serve for the unexpired term of the
172 predecessor Board member. Any Board member shall be eligible for reappointment. Any Board member may be removed
173 from her/his appointment by the Governor for cause. Eight Board members shall constitute a quorum and the affirmative
174 vote of a majority of the members present and eligible to vote at a meeting shall be necessary for any action to be taken by
175 the Board. The Authority's Board shall meet at least ten times each year and have final authority over the activities of the
176 Delaware Health Security Authority. The Board appointees shall annually elect a Chair and Vice-Chair from among their
177 membership. Board members shall serve without compensation, but each Board member shall be entitled to
178 reimbursement for actual and necessary expenses incurred in the performance of official duties.

179 §1607. County Advisory Councils.

180 (a) There shall be a Health Security Advisory Council in each of the three counties, which shall work closely
181 with all aspects of the Delaware Health Security Authority in planning, implementation and evaluation of the Delaware
182 Health Security Act. Each County Advisory Council office will be funded from the Authority Fund. Each office shall be
183 professionally staffed to respond to questions, suggestions and complaints from consumers and providers; to perform local
184 outreach and informational functions; and to hold hearings to determine unmet health care needs. Each office shall include
185 a consumer advocacy unit.

- 186 (b) Each of the three County Advisory Councils shall have fifteen members as follows:
- 187 (i) Two members of the State Senate, each of whom shall reside within the county of the Advisory
- 188 Council on which he or she serves, to be appointed by the President Pro Tem;
- 189 (ii) Two members of the State House of Representatives, each of whom shall reside within the county of
- 190 the Advisory Council on which he or she serves, to be appointed by the Speaker of the House;
- 191 (iii) One member to be appointed by the Governor, who shall reside in the county of the Advisory
- 192 Council on which he or she serves;
- 193 (iv) Five representatives of different health care organizations to be appointed by the Governor and
- 194 confirmed by the Senate, each of whom shall be a resident of the county of the Advisory Council on which he or
- 195 she serves; and
- 196 (v) Five members from consumer groups that have endorsed a single payer health care system at least
- 197 five years prior to the enactment of this Chapter, to be appointed by the Governor and confirmed by the Senate,
- 198 each of whom shall be a resident within the county of the Advisory Council on which he or she serves.

199 §1608. Executive Director, Health Security Authority; Purpose & Duties.

200 (a) The Board of the Delaware Health Security Authority shall hire an Executive Director who shall be the

201 executive and administrative head of the Authority and shall be responsible for administering and enforcing the provisions

202 of law relative to the Authority.

203 (b) The Executive Director may as he or she deems necessary or suitable for the effective administration and

204 proper performance of the duties of the Authority and subject to the approval of the Board of the Authority, do the

205 following:

206 (1) Adopt, amend, alter, repeal and enforce, all such reasonable rules, regulations and orders as may be

207 necessary; and

208 (2) Appoint and remove employees and consultants; provided, however, that, subject to the availability

209 of funds in the Authority, at least one employee shall be hired to serve as Director of each of the Divisions

210 created in §§1609 through 1612 of this Chapter.

211 (c) The Executive Director shall:

212 (1) Negotiate or establish terms and conditions for the provision of health care services and rates of

213 reimbursement for such services on behalf of the citizens of the state;

- 214 (2) negotiate or establish manufacturer discounts and rebates for covered prescription drugs and other
215 health care products;
- 216 (3) Develop prospective and retrospective reimbursement systems for covered services to provide
217 prompt and fair payment to eligible providers;
- 218 (4) Oversee preparation of annual operating and capital budgets for the statewide delivery of health care
219 services;
- 220 (5) Oversee preparation of annual benefits reviews to determine the adequacy of covered services; and
221 (6) Prepare an annual report to be submitted to the Governor, the Senate Pro Tempore and Speaker of
222 the House of Representatives and to be easily accessible to every participating member and citizen in our state.

223 §1609. Administrative Division; Director; Purpose and Duties.

224 (a) There shall be an Administrative Division within the Health Security Authority, which shall be under the
225 supervision and control of a Director. The powers and duties given the Director in this Act and in any other general or
226 special law shall be exercised and discharged subject to the direction, control and supervision of the Executive Director of
227 the Authority. The Director of the Administrative Division shall be appointed by the Executive Director of the Authority,
228 with the approval of the Board of the Health Security Authority, and may, with like approval be removed. The Director
229 may, at her or his discretion, establish a professional advisory committee to provide expert advice; provided, however,
230 that this committee shall have at least 33 percent consumer representation.

231 (b) The Administrative Division shall have day-to-day responsibility for:

- 232 (1) making prompt payments to providers for covered services;
- 233 (2) collecting reimbursement from non-eligible patients;
- 234 (3) developing information management systems needed for provider payment, rebate collection and
235 utilization review;
- 236 (4) investing Authority Fund assets consistent with state laws and §1619 of this Act;
- 237 (5) developing operational budgets for the Authority; and
238 (6) assisting the Planning Division develop capital budgets for the Authority.

239 §1610. Planning Division; Director; Purpose and Duties.

240 (a) There shall be a Planning Division within the Authority, which shall be under the supervision and control of a
241 Director. The powers and duties given the Director in this Act and in any other general or special law shall be exercised

242 and discharged subject to the direction, control and supervision of the Executive Director of the Authority. The Director
243 of the Planning Division shall be appointed by the Executive Director of the Authority, with the approval of the Board of
244 the Health Security Authority, and may, with like approval, be removed. The Director may, at her or his discretion,
245 establish a professional advisory committee to provide expert advice; provided, however, that such committee shall have
246 at least 33 percent consumer representation.

247 (b) The Planning Division shall have day-to-day responsibility for coordinating health care resources to ensure
248 all eligible participants reasonable access to covered services, including, but not limited to:

249 (1) Identifying underserved populations and geographic areas; and

250 (2) Approving capital expenditures in excess of \$500,000.

251 (c) The Planning Division shall review annually the adequacy of health care resources throughout the State and
252 recommend changes as may from time to time be required. In making its review, the Planning Division shall consult with
253 all three county Advisory Council offices and hold statewide hearings on proposed recommendations.

254 (d) The Planning Division shall submit to the Board of the Authority its final review and recommendations by
255 October 1 of each year. Subject to Authority Board approval, the Authority shall adopt the recommendations.

256 §1611. Quality Assurance Division; Director; Purpose and Duties.

257 (a) There shall be a Quality Assurance Division within the Authority, which shall be under the supervision and
258 control of a Director. The powers and duties given the Director in this Act and in any other general or special law shall be
259 exercised and discharged subject to the direction, control and supervision of the Executive Director of the Authority. The
260 Director of the Quality Assurance Division shall be appointed by the Executive Director of the Authority, with the
261 approval of the Board of the Health Security Authority, and may, with like approval, be removed. The Director may, at
262 her or his discretion, establish a professional advisory committee to provide expert advice; provided, however, that this
263 committee shall have at least 33 percent consumer representation.

264 (b) The Quality Assurance Division shall review annually the quality of health care services and outcomes
265 throughout the state and submit such recommendations as may from time to time be required to maintain and improve the
266 quality of health care service delivery and the overall health of Delaware citizens. In making its review, the Quality
267 Assurance Division shall consult with all three County Advisory Council Offices and hold statewide hearings on its
268 recommendations. The Division shall submit to the Board of the Authority its final review and recommendations by
269 October 1 of each year. Subject to Authority Board approval, the Authority shall adopt the recommendations.

270 §1612. Benefits Division; Director; Purpose and Duties.

271 (a) There shall be a Benefits Division within the Authority, which shall be under the supervision and control of a
272 Director. The powers and duties given the Director in this Act and in any other general or special law shall be exercised
273 and discharged subject to the direction, control and supervision of the Executive Director of the Authority. The Director
274 of the Benefits Division shall be appointed by the Executive Director of the Authority, with the approval of the
275 Authority's Board, and may, with like approval, be removed. The Director may, at her or his discretion, establish a
276 professional advisory committee to provide expert advice; provided, however, that such committee shall have at least 33
277 percent consumer representation.

278 (b) The Benefits Division shall review annually the adequacy of covered benefits and recommend changes in
279 covered benefits as may from time to time be required. In making its review, the Benefits Division shall consult with all
280 three County Advisory Council Offices and hold statewide hearings on proposed changes in covered services. The
281 Division shall submit to the Board of the Authority its final review and recommended changes by October 1 of each year.
282 Subject to Board approval, the Authority shall adopt the recommended changes.

283 §1613. Eligible Participants.

284 The following persons shall be entitled to benefits under this Chapter:

285 (1) All Delaware citizens;

286 (2) All non-residents who:

- 287 (a) Work 20 hours or more per week in Delaware, including legal non-resident aliens;
- 288 (b) Pay all applicable Delaware personal income and payroll taxes;
- 289 (c) Pay any additional premiums established by the Authority; and
- 290 (d) Have complied with requirements of this paragraph for at least 90 days.

291 (3) All patients requiring emergency treatment for illness or injury; provided, however, that the
292 Authority shall recoup expenses for such patients wherever possible.

293 §1614. Eligible Health Care Providers and Facilities.

294 (a) Eligible health care providers and facilities include an agency, facility, corporation, individual or other entity
295 directly rendering any covered benefit to an eligible patient; provided, however, that it:

296 (1) Is licensed to operate or practice in the state;

297 (2) Furnishes a signed agreement that:

- 298 (a) All health care services will be provided without discrimination on the basis of age, sex,
299 race, national origin, sexual orientation, income status or pre-existing condition;
- 300 (b) The provider will comply with all state and federal laws regarding the confidentiality of
301 patient records and information;
- 302 (c) No balance billing or out-of-pocket charges will be required for covered services unless
303 otherwise provided in this Act;
- 304 (d) The provider will furnish such information as may be reasonably required by the Authority
305 for making payment, verifying reimbursement and rebate information, utilization review analyses,
306 statistical and fiscal studies of operations and compliance with state and federal law. All such
307 disclosures, however, should meet the strictest standards of privacy protection, as set forth in state or
308 federal legislation or in the standards of professional practice associations, whichever is more protective
309 of patient confidentiality and non-identifiability;
- 310 (3) Meets whatever additional requirements may be established by the Authority.

311 §1615. Prospective Payments to Eligible Health Care Providers and Facilities.

312 (a) The Authority shall negotiate with eligible health care providers, health care facilities, or groups of providers
313 or facilities, or establish prospective reimbursement schedules or rates for covered services. Such reimbursement
314 schedules or rates may be made on a capitated or fee-for-service basis and shall remain in effect for a period of 12 months
315 unless sooner modified by the Authority. Except as provided in §1616 of this Chapter, reimbursement for covered
316 services by the Authority shall constitute full payment for the services.

317 (b) Prospective payment rates and schedules shall be adjusted annually to incorporate retrospective adjustments.

318 §1616. Retrospective Payments to Eligible Health Care Providers and Facilities.

319 (a) The Authority shall provide for retrospective adjustment of payments to eligible health care providers and
320 facilities to:

321 (1) Assure that payments to such providers and facilities reflect the difference between actual and
322 projected utilization and expenditures for covered services; and

323 (2) Protect health care providers and facilities who serve a disproportionate share of eligible participants
324 whose expected utilization of covered health care services and expected health care expenditures for such
325 services are greater than the average utilization and expenditure rates for eligible participants statewide.

326 §1617. Covered Services.

327 (a) The Health Security Authority shall reimburse all professional services provided by eligible providers to
328 eligible participants needed to:

- 329 (1) Provide appropriate and necessary health care services;
- 330 (2) Encourage reductions in health risks and increase use of preventive and primary care services; and
- 331 (3) Attempt to integrate physical health, mental health, emotional health and substance abuse services.

332 (b) Covered services shall include all health care determined to be necessary or appropriate by the Authority
333 including, but not limited to, the following:

- 334 (1) The prevention, diagnosis and treatment of illness and injury, including laboratory, diagnostic
335 imaging, inpatient, ambulatory and emergency medical care, blood, dialysis, mental health services, dental care,
336 acupuncture, optometric, chiropractic and pediatric services;
- 337 (2) The rehabilitation of sick and disabled persons (including addiction to all drugs), providing physical,
338 psychological and other specialized therapies, and long term services in community-based and institutional
339 settings;
- 340 (3) The provision of prescription drugs, therapeutic devices, prosthetics, eyeglasses, hearing aids and
341 other health care supplies;
- 342 (4) The promotion and maintenance of individual good health through appropriate screening, counseling
343 and health education;
- 344 (5) The provisions of home health, personal care, hospice and services of nurse practitioners, nurse
345 midwives, language interpretation and such other medical & remedial services as the Authority shall determine;
- 346 (6) Emergency and other medically necessary transportation; and
- 347 (7) Prenatal, perinatal and maternity care, family planning, fertility and reproductive health care.

348 §1618. Establishment of the Authority Health Care Fund.

349 There is hereby established the Authority Health Care Fund, hereinafter known as the Authority Fund, which
350 shall be administered and expended by the Authority without further appropriation. The Fund shall consist of all revenue
351 sources defined in §1620, and all property and securities acquired by and through the use of monies deposited to the
352 Authority Fund and all interest thereon less payments therefrom to meet liabilities incurred by the Authority in the
353 exercise of its powers and the performance of its duties under this Act. The Executive Director shall from time to time

354 requisition from said Authority Fund such amounts as the Executive Director deems necessary to meet the current
355 obligations for a reasonable period.

356 §1619. Purpose of the Authority Health Care Fund.

357 (a) Amounts credited to the Authority Fund shall be used for the following purposes:

358 (1) To reimburse eligible health care providers and facilities for covered services rendered to eligible
359 patients;

360 (2) To pay for preventive care, educational and outreach programs and related health care activities;

361 (3) To supplement other sources of financing for approved capital investments in excess of \$500,000,
362 for eligible health care providers and facilities;

363 (4) To supplement other sources of financing for health care education and research;

364 (5) To fund training and retraining programs for professional and non-professional workers in the health
365 care sector displaced as a result of administrative streamlining gained by moving from a multi-payer to a
366 single-payer system; provided, however, that such funding shall end June 30 of the third year following full
367 implementation of this Act;

368 (6) To fund a reserve account to finance anticipated long-term cost increases due to demographic
369 changes, inflation or other foreseeable trends that would increase Authority Fund liabilities, and, for budgetary
370 shortfalls, epidemics and other extraordinary events;

371 (7) To pay the administrative costs of the Health Care Authority; and

372 (8) To pay the administrative costs of the three county Advisory Council offices.

373 (b) Unexpended Authority assets shall not be deemed to be "surplus" funds.

374 §1620. Health Security Authority's Funding Sources.

375 (a) The Authority Fund shall be the repository for all health care funds and related administrative funds from the
376 following sources:

377 (1) All monies the state currently appropriates to pay for health care services or health insurance
378 premiums, including, but not limited to, all current state programs which provide covered benefits and
379 appropriations to cities, towns and other government subdivisions to pay for health care services or health
380 insurance premiums: provided, however, that the Authority shall then assume responsibility for all benefits and

381 services previously paid for by the state with these funds. All current state health care programs which provide
382 covered benefits shall be included in this requirement;

383 (2) All monies the state receives from the federal government to pay for health care services or health
384 insurance premiums; provided, however, that the Authority shall assume the responsibility for all benefits and
385 services previously paid by the federal government with these funds. The Authority shall seek to maximize all
386 sources of federal financial support for health care services in Delaware. Accordingly, the Executive Director of
387 the Authority shall obtain waivers, exemptions, or legislation if needed, so that all current federal payments for
388 health care shall, consistent with federal law, be paid directly to the Authority Fund;

389 (3) Private individual and employer health insurance payments and out-of-pocket health care expenses
390 will be replaced in this single-payer Delaware Health Security Act as follows:

391 (a) All employers shall pay a graduated payroll tax as follows:

392 (i) 2 percent for self-employed individuals;

393 (ii) 4 percent for employers with less than 10 employees;

394 (iii) 5 percent for employers with 10 to 24 employees;

395 (iv) 7 percent for employers with 25 to 49 employees; and

396 (v) 9 percent for employers with 50 or more employees.

397 This payroll tax may be shared by employers and employees.

398 (b) All head of households and persons subject to Delaware's income tax shall pay a Health
399 Security income tax of 2.5 percent of taxable income.

400 (c) Persons filing a Delaware income tax return shall pay an additional Health Security income
401 surtax of 2.5 percent on net taxable income in excess of \$250,000. Married couples filing a Delaware
402 joint income tax return shall pay an additional income surtax of 2.5 percent on net taxable income in
403 excess of \$500,000.

404 (b) The Authority Fund shall retain:

- 405 (1) Any charitable donations, gifts, grants or bequests made to it from whatever source consistent with
406 state and federal law;
- 407 (2) Any rebates negotiated or established; and
- 408 (3) Income from the investment of Authority assets, consistent with state and federal law.

409 §1621. Insurance Reforms.

410 Insurers regulated by the Delaware Insurance Department are prohibited from charging premiums to eligible
411 participants for coverage of services already covered by the Health Security Authority. The State Insurance Commissioner
412 shall adopt, amend, alter, repeal and enforce all such reasonable rules and regulations and orders as may be necessary to
413 implement this section.

SYNOPSIS

This Delaware Health Security Act will provide all current and future Delaware citizens and our economy a non-government run program and cost effective single payer health care system.

This system eliminates unnecessary multi-payer brokers and will save approximately 40 percent of total funds now wasted by paperwork, profits, advertising, lobbying, fraud, etc. These annual savings and a stabilized funding structure with accountable budgets will enable our state to provide the following health care benefits to all citizens and our state's economy:

- Comprehensive health care coverage (physicians and specialists, hospital needs, long-term care, pharmaceutical drugs, dental care, mental health, drug rehabilitation, special equipment and aids, etc.) from conception until death without any extra health insurance or out-of-pocket expense.
- Eliminates the huge double-digit annual increases in health care costs; only the rate of inflation will apply.
- Will return health care decision-making to physicians, dentists and other health care professional staff.
- Eliminates the pauper requirement that one must give up all savings and property before receiving Medicare/Medicaid funds for long-term care.
- Will eliminate huge health care debts, major cause of personal bankruptcies and the ability to buy a home.
- Will eliminate the destructive, debilitating effects of chronic stress on our uninsured, underinsured and their families.
- Will significantly elevate our ranking of from 45th or lower among states on health care challenges such as well babies, women's health, cancer, etc.
- Personal health care savings will add \$1 billion annually to our state's economy.

This Act will be administered by a 15-member Delaware Health Security Board comprised as follows: State Secretary of Health and Social Services, appointed by the Governor; Two members from both the State House of Representatives and State Senate Committees concerned with health care issues; five members from state health professional organizations and five members from eligible consumer organizations in our state.

There will be a County Advisory Council in each of our state's three counties. The appointments and membership will be from the same sources as the State Health Security Board with the requirement that all Council members must be residents of the county they serve. These County Advisory Councils will work with and through the State's Board in more effectively implementing the planning, operation and evaluation of the Delaware Health Security Act.

Funding for the Delaware Health Security Act will be as follows:

- All State and federal funds available for health and health care costs in Delaware.
- Employer and employee graduated payroll tax of from 2% for self-employed individuals to 9% for businesses with 50 or more employees.
- A Health Security Tax of 2.5% on net taxable income for all heads of households and persons subject to Delaware's income tax.
- An additional Health Security income surtax on net taxable income of 2.5% for persons filing a Delaware

income tax return in excess of \$250,000. Married couples filing a joint Delaware income tax return shall pay an additional income surtax of 2.5% on net taxable income in excess of \$500,000.

The most important overall result from enacting this systemic health care reform legislation is that adequate initial and continuous funding is available to halt the deterioration of our current health care situation. Ample funds will be available for additional facilities, staffing, program improvement and both pre-service and continuing education investments.