



SPONSOR: Sen. McDowell & Sen. Henry; Rep. Williams & Rep. Kowalko
Sens. Marshall & Sokola,
Reps. Brady, Ennis, Johnson, Keeley, Longhurst, Maier,
M Marshall, McWilliams, Plant, Schooley, B. Short,
Viola

DELAWARE STATE SENATE
144th GENERAL ASSEMBLY

SENATE BILL NO. 177

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

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

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 105,000 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) With the projection of double-digit percent annual cost increases in health care premiums, managed
14 care has become managed costs, and has not proven to be the cure for escalating health care costs, and this Act
15 will eliminate these large annual increases;

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

18 (6) Delawareans strongly support significant, comprehensive reform of our state's costly and inadequate
19 health care system.

20 (b) The General Assembly finds and declares that enacting a single-payer, non-government run Delaware Health
21 Security Act will guarantee comprehensive, quality health care coverage for all Delawareans from the moment of
22 conception until one's last breath is taken. Statewide studies in Delaware and other states have documented the program and
23 cost effectiveness of a single-payer health care system at the state level. This Act will be governed by and financed through

24 an independent Health Security Authority within the State Department of Health and Social Services. The Authority's
25 Board will have representatives from health professions, consumer groups, health committees from the State Senate and
26 House of Representatives and the Secretary of The Department of Health and Social Services representing the Governor's
27 office. This Delaware Health Security legislation will guarantee all Delaware citizens and out-of-state citizens who have
28 health care coverage through Delaware employers the following:

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

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

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

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

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

38 §1602. Definitions.

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

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

43 (2) 'Board' means the appointed members of the Board of the Delaware Health Security Authority, which
44 will administer the Delaware Health Security Act.

45 (3) 'Executive Director' means the executive director of the Delaware Health Security Authority.

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

48 (5) 'Health Care Authority' means the Delaware Health Security Authority established in §1603 of this
49 Chapter.

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

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

55 (8) 'Professional Advisory Committee' means a committee of advisors appointed by a director of a
56 division of the Delaware Health Security Authority.

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

62 (a) A provision requiring that the person seeking resident status has the burden of proof in such
63 determination;

64 (b) Reasonable durational domicile requirements not to exceed two years for long term care and
65 90 days for all other covered services;

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

68 (d) A provision that, for the purposes of this Chapter, the terms "domicile" and "dwelling place"
69 are not limited to any particular structure or real property and specifically includes homeless
70 individuals with the intent to live and return to Delaware if temporarily absent coupled with an
71 act or acts consistent with that intent.

72 (10) 'Secretary' shall mean the Secretary of the Department of Health and Social Services.

73 (11) 'Authority Fund' means the Delaware Health Security Authority Fund established in §1618 of this
74 Chapter.

75 §1603. Establishment of the Delaware Health Security Authority.

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

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

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

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

95 §1604. Powers of the Delaware Health Security Authority.

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

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

98 (2) To adopt an official seal;

99 (3) To sue and be sued in its own name;

100 (4) To make contracts and execute all instruments necessary or convenient for carrying out the purposes
101 of this Act;

102 (5) To acquire, own, hold, dispose of and encumber personal, real or intellectual property of any nature of
103 any interest therein;

104 (6) To enter into agreements or transactions with any federal, state or municipal agency or other public
105 institution or with any private individual, partnership, firm, corporation, association, or other entity;

106 (7) To appear on its own behalf before boards, commissions, departments or other agencies of federal,
107 state or municipal government;

108 (8) To appoint officers and to engage and employ employees, including legal counsel, consultants, agents
109 and advisors and prescribe their duties and fix their compensation;

110 (9) To establish advisory boards and councils;

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

113 (11) To invest any funds held in reserves or sinking funds, or any funds not required for immediate
114 disbursement, in such investments as may be lawful for fiduciaries in the state;

115 (12) To accept, hold, use, apply and dispose of any and all donations, grants, bequests and devises,
116 conditional or otherwise, of money, property, services or other things of value, which may be received from the
117 United States or other agency thereof, any governmental agency, any institution, person, firm or corporation,
118 private or public. Such donations, grants, bequests and devises may be held, used, applied or disposed for any and
119 all of the purposes specified in this Act and shall be used in accordance with the terms and conditions of any such
120 grant. Receipt of each such donation or grant shall be detailed in the annual report of the Authority, which shall
121 include the identity of the donor, lender, the nature of each transaction and any conditions attached thereto; and

122 (13) To do any and all other things necessary and convenient to carry out the purposes of the Delaware
123 Health Security Act.

124 §1605. Purpose of the Delaware Health Security Act.

125 The purposes of this Chapter are to:

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

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

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

132 (4) Use administrative and other savings to:

133 (a) Expand covered health care services;

134 (b) Contain health care cost increases; and

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

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

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

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

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

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

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

148 §1606. Board of the Authority; Composition, Powers and Duties.

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

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

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

155 (3) the Secretary of the Department of Health and Social Services;

156 (4) five representatives from different health care professional organizations to be appointed by the
157 Governor and confirmed by the Senate; and

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

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

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

174 §1607. County Advisory Councils.

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

181 (b) Each of the three County Advisory Councils shall have fifteen members as follows:

182 (1) Two members of the State Senate, each of whom shall reside within the county of the Advisory
183 Council on which he or she serves, to be appointed by the President Pro Tempore;

184 (2) Two members of the State House of Representatives, each of whom shall reside within the county of
185 the Advisory Council on which he or she serves, to be appointed by the Speaker of the House;

186 (3) One member to be appointed by the Governor, who shall reside in the county of the Advisory Council
187 on which he or she serves;

188 (4) Five representatives of different health care organizations to be appointed by the Governor and
189 confirmed by the Senate, each of whom shall be a resident of the county of the Advisory Council on which he or
190 she serves; and

191 (5) Five members from consumer groups that have endorsed a single payer health care system at least five
192 years prior to the enactment of this Chapter, to be appointed by the Governor and confirmed by the Senate, each of
193 whom shall be a resident within the county of the Advisory Council on which he or she serves.

194 §1608. Executive Director, Health Security Authority; Purpose & Duties.

195 (a) The Board of the Delaware Health Security Authority shall hire an Executive Director who shall be the
196 executive and administrative head of the Authority and shall be responsible for administering and enforcing the provisions
197 of law relative to the Authority.

198 (b) The Executive Director may, as he or she deems necessary or suitable for the effective administration and
199 proper performance of the duties of the Authority and subject to the approval of the Board of the Authority, do the
200 following:

201 (1) Adopt, amend, alter, repeal and enforce, all such reasonable rules, regulations and orders as may be
202 necessary; and

203 (2) Appoint and remove employees and consultants; provided, however, that, subject to the availability of
204 funds in the Authority, at least one employee shall be hired to serve as Director of each of the Divisions created in
205 §§1609 through 1612 of this Chapter.

206 (c) The Executive Director shall:

207 (1) Negotiate or establish terms and conditions for the provision of health care services and rates of
208 reimbursement for such services on behalf of the citizens of the state;

209 (2) negotiate or establish manufacturer discounts and rebates for covered prescription drugs and other
210 health care products;

211 (3) Develop prospective and retrospective reimbursement systems for covered services to provide prompt
212 and fair payment to eligible providers;

213 (4) Oversee preparation of annual operating and capital budgets for the statewide delivery of health care
214 services;

215 (5) Oversee preparation of annual benefits reviews to determine the adequacy of covered services; and

216 (6) Prepare an annual report to be submitted to the Governor, the Senate President Pro Tempore and
217 Speaker of the House of Representatives and to be easily accessible to every participating member and citizen in
218 our state.

219 §1609. Administrative Division; Director; Purpose and Duties.

220 (a) There shall be an Administrative Division within the Health Security Authority, which shall be under the
221 supervision and control of a Director. The powers and duties given the Director in this Act and in any other general or
222 special law shall be exercised and discharged subject to the direction, control and supervision of the Executive Director of
223 the Authority. The Director of the Administrative Division shall be appointed by the Executive Director of the Authority,
224 with the approval of the Board of the Health Security Authority, and may, with like approval be removed. The Director

225 may, at her or his discretion, establish a professional advisory committee to provide expert advice; provided, however, that
226 this committee shall have at least 33 percent consumer representation.

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

228 (1) making prompt payments to providers for covered services;

229 (2) collecting reimbursement from non-eligible patients;

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

232 (4) investing Authority Fund assets consistent with state laws and §1619 of this Act;

233 (5) developing operational budgets for the Authority; and

234 (6) assisting the Planning Division in the development of capital budgets for the Authority.

235 §1610. Planning Division; Director; Purpose and Duties.

236 (a) There shall be a Planning Division within the Authority, which shall be under the supervision and control of a
237 Director. The powers and duties given the Director in this Act and in any other general or special law shall be exercised and
238 discharged subject to the direction, control and supervision of the Executive Director of the Authority. The Director of the
239 Planning Division shall be appointed by the Executive Director of the Authority, with the approval of the Board of the
240 Health Security Authority, and may, with like approval, be removed. The Director may, at her or his discretion, establish a
241 professional advisory committee to provide expert advice; provided, however, that such committee shall have at least 33
242 percent consumer representation.

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

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

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

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

250 (d) The Planning Division shall submit to the Board of the Authority its final review and recommendations by
251 October 1 of each year. The Authority shall adopt the recommendations if they are approved by the Authority Board.

252 §1611. Quality Assurance Division; Director; Purpose and Duties.

253 (a) There shall be a Quality Assurance Division within the Authority, which shall be under the supervision and
254 control of a Director. The powers and duties given the Director in this Act and in any other general or special law shall be
255 exercised and discharged subject to the direction, control and supervision of the Executive Director of the Authority. The
256 Director of the Quality Assurance Division shall be appointed by the Executive Director of the Authority, with the approval
257 of the Board of the Health Security Authority, and may, with like approval, be removed. The Director may, at her or his

258 discretion, establish a professional advisory committee to provide expert advice; provided, however, that this committee
259 shall have at least 33 percent consumer representation.

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

266 §1612. Benefits Division; Director; Purpose and Duties.

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

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

279 §1613. Eligible Participants.

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

281 (1) All Delaware citizens;

282 (2) All non-residents who:

283 (a) Work 20 hours or more per week in Delaware, including legal non-resident aliens;

284 (b) Pay all applicable Delaware personal income and payroll taxes;

285 (c) Pay any additional premiums established by the Authority; and

286 (d) Have complied with requirements of this paragraph for at least 90 days.

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

289 §1614. Eligible Health Care Providers and Facilities.

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

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

307 §1615. Prospective Payments to Eligible Health Care Providers and Facilities.

308 (a) The Authority shall negotiate with eligible health care providers, health care facilities, or groups of providers or

309 facilities, or establish prospective reimbursement schedules or rates for covered services. Such reimbursement schedules or

310 rates may be made on a capitated or fee-for-service basis and shall remain in effect for a period of 12 months unless sooner

311 modified by the Authority. Except as provided in §1616 of this Chapter, reimbursement for covered services by the

312 Authority shall constitute full payment for the services.

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

314 §1616. Retrospective Payments to Eligible Health Care Providers and Facilities.

315 (a) The Authority shall provide for retrospective adjustment of payments to eligible health care providers and

316 facilities to:

317 (1) Assure that payments to such providers and facilities reflect the difference between actual and

318 projected utilization and expenditures for covered services; and

319 (2) Protect health care providers and facilities who serve a disproportionate share of eligible participants

320 whose expected utilization of covered health care services and expected health care expenditures for such services

321 are greater than the average utilization and expenditure rates for eligible participants statewide.

322 §1617. Covered Services.

323 (a) The Health Security Authority shall reimburse all professional services provided by eligible providers to

324 eligible participants needed to:

325 (1) Provide appropriate and necessary health care services;

- 326 (2) Encourage reductions in health risks and increased use of preventive and primary care services; and
327 (3) Attempt to integrate physical health, mental health, emotional health and substance abuse services.
- 328 (b) Covered services shall include all health care determined to be necessary or appropriate by the Authority
329 including, but not limited to, the following:
- 330 (1) The prevention, diagnosis and treatment of illness and injury, including laboratory, diagnostic
331 imaging, inpatient, ambulatory and emergency medical care, blood, dialysis, mental health services, dental care,
332 acupuncture, optometric, chiropractic and pediatric services;
- 333 (2) The rehabilitation of sick and disabled persons (including addiction to all drugs), providing physical,
334 psychological and other specialized therapies, and long term services in community-based and institutional
335 settings;
- 336 (3) The provision of prescription drugs, therapeutic devices, prosthetics, eyeglasses, hearing aids and
337 other health care supplies;
- 338 (4) The promotion and maintenance of individual good health through appropriate screening, counseling
339 and health education;
- 340 (5) The provisions of home health, personal care, hospice and services of nurse practitioners, nurse
341 midwives, language interpretation and such other medical & remedial services as the Authority shall determine;
- 342 (6) Emergency and other medically necessary transportation; and
- 343 (7) Prenatal, perinatal and maternity care, family planning, fertility and reproductive health care.

344 §1618. Establishment of the Authority Health Care Fund.

345 There is hereby established the Authority Health Care Fund, hereinafter known as the Authority Fund, which shall
346 be administered and expended by the Authority without further appropriation. The Fund shall consist of all revenue sources
347 defined in §1620, and all property and securities acquired by and through the use of monies deposited to the Authority Fund
348 and all interest thereon less payments therefrom to meet liabilities incurred by the Authority in the exercise of its powers
349 and the performance of its duties under this Act. The Executive Director shall from time to time requisition from said
350 Authority Fund such amounts as the Executive Director deems necessary to meet the current obligations for a reasonable
351 period.

352 §1619. Purpose of the Authority Health Care Fund.

- 353 (a) Amounts credited to the Authority Fund shall be used for the following purposes:
- 354 (1) To reimburse eligible health care providers and facilities for covered services rendered to eligible
355 patients;
- 356 (2) To pay for preventive care, educational and outreach programs and related health care activities;
- 357 (3) To supplement other sources of financing for approved capital investments in excess of \$500,000, for
358 eligible health care providers and facilities;
- 359 (4) To supplement other sources of financing for health care education and research;

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

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

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

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

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

370 §1620. Health Security Authority's Funding Sources.

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

373 (1) All monies the state currently appropriates to pay for health care services or health insurance
374 premiums, including, but not limited to, all current state programs which provide covered benefits and
375 appropriations to cities, towns and other government subdivisions to pay for health care services or health
376 insurance premiums: provided, however, that the Authority shall then assume responsibility for all benefits and
377 services previously paid for by the state with these funds. All current state health care programs which provide
378 covered benefits shall be included in this requirement;

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

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

387 a. All employers shall pay a graduated payroll tax as follows:

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

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

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

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

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

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

394 b. All head of households and persons subject to Delaware's income tax shall pay a Health
395 Security income tax of 2.5 percent of taxable income.

396 c. Persons filing a Delaware income tax return shall pay an additional Health Security income
397 surtax of 2.5 percent on net taxable income in excess of \$250,000. Married couples filing a Delaware
398 joint income tax return shall pay an additional income surtax of 2.5 percent on net taxable income in
399 excess of \$500,000.

400 (b) The Authority Fund shall retain:

401 (1) Any charitable donations, gifts, grants or bequests made to it from whatever source consistent with
402 state and federal law;

403 (2) Any rebates negotiated or established; and

404 (3) Income from the investment of Authority assets, consistent with state and federal law.

405 §1621. Insurance Reforms.

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

SYNOPSIS

This Delaware Health Security Act will provide all current and future Delaware citizens and with 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, a 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 Authority 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 Authority 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.

Author: Senator McDowell