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DELAWARE STATE SENATE  
145th GENERAL ASSEMBLY

SENATE BILL NO. 120

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 (Three-fifths 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 is both  
5 program and cost ineffective based on the following evidence:

6 (1) Approximately 115,000 Delawareans have no health insurance and many times that number are underinsured for  
7 serious or catastrophic illness or injury;

8 (2) The vast majority of 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 industry is increasingly unresponsive to health care needs and has taken important  
11 medical and health care decisions away from physicians, other health care professionals and patients and have placed them  
12 in the hands of insurance company administrators and it's very important to note that the controlling health insurance  
13 industry does not contribute even a Band-Aid to any part of our current health care system;

14 (4) With the projection of double-digit or near double-digit percent annual cost increases in health care, managed care  
15 has become managed insurance company costs, and has not proven to be the cure for escalating health care costs, and this  
16 Act will eliminate these large annual cost increases and provide increases related to the low annual rate of inflation;

17 (5) Hard-working Delaware citizens provide approximately 90 percent of our Delaware health care funds via 70 percent  
18 by taxes and 20 percent from out of pocket expenses and this Act will save approximately 40 percent of these health care  
19 funds or over \$8 million each day in 2009 by eliminating 30 percent in insurance industry administrative/overhead cost and  
20 10 percent now lost to health care fraud;

(6) Health care debts are the major cause of personal bankruptcies and why many citizens lose their homes and this Act will eliminate this debilitating mental health stress and eliminate anxiety and agony caused by health care costs for every Delaware citizen;

(7) This Act will be like a magnet to both attract and retain private businesses as the reduced health care costs under this single payer Act will cause them to be competitive for business in the global economy;

(8) Delaware citizens strongly support significant, comprehensive, non-government run single payer reform of our state's costly and inadequate health care system as 32 statewide Delaware organizations have directly endorsed this single payer Act or they're state affiliates of national organizations that have endorsed this proven program and cost effective single payer system; and

(9) This Act will save our state budget over \$200 million each year in lower cost for the health care coverage of state employees and retirees.

(b) The General Assembly finds and declares that enacting a single payer, non-government run Delaware Health Security Act will guarantee comprehensive, quality health care coverage for all Delawareans from the moment of conception until one's last breath is taken. Statewide studies in Delaware and other states have documented the program and cost effectiveness of a single payer health care system at the state level. This Act will be governed by and financed through an independent Delaware Health Security Authority placed within the State Department of Health and Social Services. The 15-member Authority's Board will have representatives from five statewide professional health organizations, five statewide consumer organizations that have endorsed single payer reform, two each from the Health Committees of the State Senate and State House of Representatives and the Secretary of the Department of Health and Social Services representing the Governor's office. This Delaware Health Security legislation will guarantee all Delaware citizens and out-of-state citizens who have health care coverage through Delaware employers the following::

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

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

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

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

(5) Significant overall cost savings by streamlining health care financing, improving efficiency, expanding less costly preventive care and elimination costly, wasteful insurance company practices such as excessive paperwork, profits,

advertising, lobbying and fraud.

1602. Definitions.

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

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

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

(3) "Executive Director" means the Executive Director of the Delaware Health Security Authority;

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

(5) "Health Care Authority" means the Delaware Health Security Authority established in 1603 of this Chapter;

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

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

(8) "Professional Advisory Committee" means a Committee of Advisors appointed by a Director of a Division of the Delaware Health Security Authority;

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

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

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

(c) 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 state; and

(d) A provision that, for the purposes of this Chapter, the terms "domicile" and "dwelling place" are not limited to any particular structure or real property and specifically includes homeless individuals with the intent to live and return to

Delaware if temporarily absent coupled with an act or acts consistent with that intent.

(10) "Secretary" shall mean the Secretary of the Department of Health and Human Services; and

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

#### 1603. Establishment of the Delaware Health Security Authority

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

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

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

#### 1604. Powers of the Delaware Health Security Authority.

(a) The Authority shall have the following powers:

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

(2) To adopt an official seal;

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

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

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

(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;

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

- 111 (8) To appoint officers and to engage and employ employees, including legal counsel, consultants, agents and  
112 advisors and prescribe their duties and fix their compensation;
- 113 (9) To establish advisory boards and councils;
- 114 (10) To procure insurance against any losses in connection with its property in such amounts, and from such insurers,  
115 as may be necessary or desirable;
- 116 (11) To invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in  
117 such investments as may be lawful for fiduciaries in the state;
- 118 (12) To accept, hold, use, apply and dispose of any and all donations, grants, bequests and devices, conditional or  
119 otherwise, of money, property, services or other things of value, which may be received from the United States or other  
120 agency thereof, any governmental agency, any institution, person, firm or corporation, private or public. Such donations,  
121 grants, bequests and devices may be held, used, applied or disposed for any and all of the purposes specified in this Act and  
122 shall be used in accordance with the terms and conditions of any such grant. Receipt of each such donation or grant shall be  
123 detailed in the annual report of the Authority, which shall include the identity of the donor, lender, the nature of each  
124 transaction and any conditions attached thereto; and
- 125 (13) To do any and all other things necessary and convenient to carry out the purposes of the Delaware Health  
126 Security Act.

127 1605. Purpose of the Delaware Health Security Act.

128 The purposes of this Chapter are to:

- 129 (1) Guarantee every Delaware citizen, and out-of-state citizens who receive health care coverage from Delaware  
130 employers, all necessary health care services offered by the provider of each citizen's choice;
- 131 (2) Replace the current mixture of private and public health care plans with a uniform and comprehensive nongovernment  
132 run single payer health care system available to every Delaware citizen;
- 133 (3) Replace the redundant private and public bureaucracies required to support the current system with a single cost  
134 effective administrative and payment mechanism for covered health care services;
- 135 (4) Use the significant administrative and other savings to:
- 136 (a) Expand covered health care services;
- 137 (b) Contain health care cost increases; and
- 138 (c) Create provider incentives to innovate and compete by improving health care service quality and delivery to  
139 patients.
- 140 (5) Approve and coordinate capital improvements in excess of \$500,000 to qualified Health Care Facilities to:

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

(b) Encourage expansion of location of health care facilities and health care providers in underserved communities.

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

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

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

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

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

(1) Two members of the State Senate, each of whom shall be a member of the Senate Committee concerned with health care to be appointed by the President Pro Tempore and serve at the pleasure of the President Pro Tempore;

(2) Two members of the House of Representatives, each of whom shall be a member of the House Committee concerned with health care to be appointed by the Speaker of the House and serve at the pleasure of the Speaker of the House;

(3) the Secretary of the Department of Health and Social Services representing the Governor's office;

(4) Five representatives from different statewide health care professional organizations to be appointed by the Governor and confirmed by the State Senate; and

(5) Five members from statewide consumer organizations that have endorsed single payer health care system reform at least five years prior to the enactment of this Act and Chapter, to be appointed by the Governor and confirmed by the State Senate.

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

(c) Each Board member, other than members appointed by the Speaker of the House and President Pro Tempore of the Senate, shall serve a term of five years; provided, however, that in making the initial appointments, five members shall serve three year terms, five members shall serve four year terms and five members shall serve five year terms. Any person appointed to fill a vacancy on the Board shall serve for the unexpired term of the predecessor Board member. Any Board member shall be eligible for reappointment. Any Board member may be removed from her/his appointment by the

Governor for cause. Provided, however, that the members appointed by the Speaker of the House and President Pro Tempore of the Senate shall serve at the pleasure of those officers and may be removed by them alone, with or without cause. Eight Board members shall constitute a quorum and the affirmative 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 the Board. The Authority's Board shall meet at least ten times each year and have final authority over the activities of the Delaware Health Security Authority. The Board appointees shall annually elect a Chair and Vice-Chair from among their membership. Board members shall serve without compensation, but each Board member shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties.

1607. County Advisory Councils.

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

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

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

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

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

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

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

1608. Executive Director, Health Security Authority: Purpose and Duties.

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

administrative head of the Authority and shall be responsible for administering and enforcing the provisions of law relative to the Authority.

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

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

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

(c) The Executive Director shall:

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

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

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

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

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

(6) Prepare an annual report to be submitted to the Governor, the Senate President Pro Tempore and Speaker of the House of Representatives and to be easily accessible to every participating member and citizen in our state. 1609. Administrative Division; Director; Purpose and Duties.

(a) There shall be an Administrative Division within the Health Security Authority, which shall be under the supervision and control of a Director. The powers and duties given the Director in this Act 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 Authority. The Director of the Administrative Division shall be appointed by the Executive Director of the Authority, with the approval of the Board of the Health Security Authority, and may, with like approval be removed. The Director may, at her or his discretion, establish a professional advisory committee to provide expert advice; provided, however, that this committee shall have at least 33 percent consumer representation.

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

(1) Making prompt payments to providers for covered services;

(2) Collecting reimbursement from non-eligible patients;

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

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

(5) Developing operational budgets for the Authority; and

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

1610. Planning Division; Director; Purpose and Duties.

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

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

(1) Identifying underserved populations and geographic areas; and

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

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

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

1611. Quality Assurance Division; Director; Purpose and Duties

(a) There shall be a Quality Assurance Division within the Authority, which shall be under the supervision and control of a Director. The powers and duties given the Director in this Act 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 Authority. The Director of the Quality Assurance Division shall be appointed by the Executive Director of the Authority, with the approval of the Board of the Health Security Authority, and may, with like approval, be removed. The Director may, at her or his discretion, establish a professional advisory committee to provide expert advice; provided, however, that this committee

shall have at least 33 percent consumer representation.

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

#### 1612. Benefits Division; Director; Purpose and Duties.

(a) There shall be a Benefits Division within the Authority, which shall be under the supervision and control of a Director. The powers and duties given the Director in this Act 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 Authority. The Director of the Benefits Division shall be appointed by the Executive Director of the Authority, with the approval of the Authority's Board, and may, with like approval, be removed. The Director may, at her or his discretion, establish a professional advisory committee to provide expert advice; provided, however, that such committee shall have at least 33 percent consumer representation.

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

#### 1613. Eligible Participants.

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

(1) All Delaware citizens;

(2) All non-residents who:

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

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

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

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

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

291  
292 1614. Eligible Health Care Providers and Facilities.

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

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

296 (2) Furnishes a signed agreement that:

297 a. All health care services will be provided without discrimination on the basis of age, sex, race, national origin,  
298 sexual orientation, income status or pre-existing condition;

299 b. The provider will comply with all state and federal laws regarding the confidentiality of patient records and  
300 information;

301 c. No balance billing or out-of-pocket charges will be required for covered services unless otherwise provided in this  
302 Act; and

303 d. The provider will furnish such information as may be reasonably required by the Authority for making payment,  
304 verifying reimbursement and rebate information, utilization review analyses, statistical and fiscal studies of operations and  
305 compliance with state and federal law. All such disclosures, however, should meet the strictest standards of privacy  
306 protection, as set forth in state or federal legislation or in the standards of professional practice associations, whichever is  
307 more protective of patient confidentiality and non-identifiably.

308 (3) Meets whatever additional requirements may be established by the Authority.

309 1615. Prospective Payments to Eligible Health Care Providers and Facilities.

310 (a) The Authority shall negotiate with eligible health care providers, health care facilities, or groups of providers or  
311 facilities, or establish prospective reimbursement schedules or rates for covered services. Such reimbursement schedules or  
312 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  
313 modified by the Authority. Except as provided in 1616 of this Chapter, reimbursement for covered services by the  
314 Authority shall constitute full payment for the services.

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

316  
317 1616. Retrospective Payments to Eligible Health Care Providers and Facilities.

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

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

(2) 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.

1617. Covered Services.

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

(1) Provide appropriate and necessary health care services;

(2) Encourage reductions in health risks and increased use of preventive and primary care services; and

(3) Attempt to integrate physical health, mental health, emotional health and substance abuse services.

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

(1) The prevention, diagnosis and treatment of illness and injury, including laboratory, diagnostic imaging, inpatient, ambulatory and emergency medical care, blood, dialysis, mental health services, dental care, acupuncture, optometric, chiropractic and pediatric services;

(2) The rehabilitation of sick and disabled persons (including addiction to all drugs), providing physical, psychological and other specialized therapies, and long term services in community-based and institutional settings;

(3) The provision of prescription drugs, therapeutic devices, prosthetics, eyeglasses, hearing aids and other health care supplies;

(4) The promotion and maintenance of individual good health through appropriate screening, counseling and health education;

(5) The provisions of home health, personal care, hospice and services of nurse practitioners, nurse midwives, language interpretation and such other medical and remedial services as the Authority shall determine;

(6) Emergency and other medically necessary transportation; and

(7) Prenatal, prenatal and maternity care, family planning, fertility and reproductive health care.

1618. Establishment of the Authority Health Care Fund.

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

Authority Fund such amounts as the Executive Director deems necessary to meet the current obligations for a reasonable period.

1619. Purpose of the Authority Health Care Fund.

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

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

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

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

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

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

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

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

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

(9) Monies paid into the Authority Health Care Fund shall be held and administered for the purposes provided in this section only and shall not become part of the Delaware General Fund.

1620. Health Security Authority's Funding Sources.

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

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

(2) All monies the state receives from the federal government to pay for health care services or health insurance premiums; provided, however, that the Authority shall assume the responsibility for all benefits and services previously paid by the federal government with these funds. The Authority shall seek to maximize all sources of federal financial

support for health care services in Delaware. Accordingly, the Executive Director of the Authority shall obtain waivers, exemptions, or legislation if needed, so that all current federal payments for health care shall, consistent with federal law, be paid directly to the Authority Fund;

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

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

(i) 4 percent for employers with 2 to 9 employees;

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

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

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

This payroll tax may be shared by employers and employees.

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

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

(b) The Authority Fund shall retain:

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

(2) Any rebates negotiated or established; and

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

1621. Insurance Reforms.

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

#### SYNOPSIS

This Delaware Health Security Act will provide all current and future Delaware citizens, out-of-state workers employed 20 hours or more per week in Delaware and our state's economy a non-government run (NOT socialized medicine) program and cost effective single payer health care system. This system eliminates totally unnecessary health insurance company multi-payer brokers and will save approximately 40 percent of our total health care funds now wasted on costly paperwork, profits, advertising, lobbying, fraud, etc. Hard-working citizens provide approximately 90 percent of our state's health care funds via taxes (70%) and out-of-pocket expenses (20%) and this Act enables these funds to provide universal,

comprehensive health care coverage to them and their families. 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 create a magnet-type economy that will both attract and retain private businesses:

- . Comprehensive health care coverage (physicians and specialists, hospital needs, long-term care of all kinds, pharmaceutical drugs, dental care, mental health treatment, drug rehabilitation, all needed therapies, special equipment and aids, laboratory tests, family planning, etc.) from conception until death without any extra health insurance or out-of-pocket expense for co-payments or deductibles;
- . Eliminates the huge annual increases in health care costs; only the lower rate of inflation will apply;
- . Will return all health care decision-making to physicians, dentists and other health care professionals whereas now they have to obtain permission on some decisions from profit-protecting administrators of health insurance companies;
- . 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 and keep a home;
- . Will eliminate the destructive, debilitating effects of chronic stress and anxiety on our uninsured, underinsured and their families;
- . Will significantly correct our ranking of from 45th to lower among the states on health care challenges such as well babies, women's health, cancer, etc.; and
- . Personal health care savings will add more than \$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 the Health and Social Services Department, appointed by the Governor; Two members from both the State House of Representatives and the State Committees concerned with health care issues; Five members from state health professional organizations and five members from state consumer organizations that have endorsed single payer reform at least 5 years before passage of this Act. 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 Board and four State Divisions 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 (Employees can contribute) graduated payroll tax of from 4 percent for employers with from two to nine employees to 9 percent for businesses with 50 or more employees. This Act will reduce what employers are now paying for their employee/retiree health care;
- . A Health Security Tax of 2.5 percent on net taxable income for those who file individual or joint income tax returns in Delaware;
- . An additional Health Security Surtax on net taxable income of 2.5 percent 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 percent 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 will be available to halt the deterioration of our current health care system. Ample funds will be available to provide every citizen comprehensive health care coverage and also provide needed funds for additional health care facilities, staffing, program improvement and both pre-service and continuing education investments.

Author: Senator McDowell