

An Act to Establish the Massachusetts Health Care Trust (S.703)

January 2007

- Section 1. Preamble** – Outlines the reasons for establishing the Health Care Trust
- Section 2. Definitions** – Defines terms used in the remainder of the Bill
- Section 3. Establishment of Massachusetts HealthCare Trust** – creates Trust and sets out ground rules for Trustees
- Section 4. Powers of the Trust** – List of powers
- Section 5. Purposes of Trust** – Lists the goals of the Health Care Trust
- Section 6. Board of Trustees; composition; powers and duties** – lists composition of Board; will establish policy, evaluate proposals, establish standards
- Section 7. Executive Director** – Hired by Board of Trustees; decisions subject to approval of Board. Primary responsibility for negotiating or establishing terms for provision of high quality health care services, including prescription drugs and rates of reimbursement; oversee the budget and prospective and retrospective payment systems; review benefits; report back to Board of Trustees, governor, and legislature.
- Section 8. Regional Division** – Establishes regional offices to perform outreach and respond to complaints.
- Section 9. Administrative Division** – Day to day responsibility for making payments, collecting reimbursements from private and public third party payers and individuals, develop management systems, develop operational budgets, assist the planning division to develop capital budgets.
- Section 10. Planning Division** – Annual review of adequacy of health care resources; annual review of capital health care needs.
- Section 11. Information Technology Division** – Developing a confidential medical records system and prescription system to simplify the billing process and reduce medical errors and bureaucracy; developing a tracking system to monitor quality of care; develop a patient data base; promote preventive care guidelines and medical alerts.
- Section 12. Benefits Division** – Sets standards of care, conduct an annual review of the quality of health care services and outcomes, and submit recommendations to the Board of Trustees.
- Section 13. Eligible Participants** – Establishes eligibility requirements.

Section 14. Eligibility Health Care Providers and Facilities – Establishes requirements for participating providers and health care facilities, bans for-profit institutions that are investor-owned.

Section 15. Prospective Payments to Eligible Health Care Providers and Facilities – Trust will negotiate reimbursement rates and schedules.

Section 16. Retrospective Payments to Eligible Health Care Facilities and Providers for Operating Expenses – Payments will reflect the difference between actual and projected utilization and expenditures for covered services.

Section 17. Prospective Funding for Capital Investments by Eligible Health Care Providers and Facilities – Negotiated by Trust with health care facilities and groups.

Section 18. Covered Benefits – All medically necessary health services, preventive care, physical health, mental health and substance abuse services; laboratory and imaging diagnostic testing; dental, vision, hearing services; acupuncture, physical therapy, chiropractic and podiatric services; home care, long term care, hospice care; durable and non-durable medical equipment, supplies and appliances; no co-pays or other cost sharing imposed for covered benefits

Section 19. Establishment of Health Care Trust Fund – The Trust fund will be administered by the executive director and will consist of all the revenue sources defined in section 21 and will pay for all claims for health services

Section 20. Purpose of the Trust Fund – Amount credited to the Trust Fund will pay eligible providers and health care facilities for covered services rendered; pay for education and outreach; pay for training of the health care workforce; pay for medical research; retrain workers displaced by the transition to the Health Care Trust for 3 years following full implementation of the Trust; set up a rainy day fund; pay for administrative costs of the trust not to exceed 5% of Trust income

Section 21. Funding Sources – All monies currently appropriated by the Commonwealth at all levels of government that go to health care services; all federal monies that are currently spent for health care services, monies collected from taxes that are imposed on products and facilities that contribute to health care costs of the state; monies from all employers collected through a premium based on their payroll; monies collected through a health care premium for individuals and families collected through the department of revenue.

Section 22. Insurance Reforms – Insurers are prohibited from charging premiums to eligible participants for coverage of services already covered by the Trust

Section 23. Health Trust Regulatory Authority – The Trust will adopt regulations to implement the provisions of the HealthCare Trust.

Section 24. Implementation of the Health Care Trust – Sets up a time frame for implementing the Trust.