HB 686-FN-A - AS INTRODUCED

2015 SESSION

15-0123
01/09

HOUSE BILL ***686-FN-A***

AN ACT establishing a single payer health care system and making an appropriation therefor.

SPONSORS: Rep. McNamara, Hills 38; Rep. Suzanne Smith, Graf 8; Rep. Moody, Rock 17

COMMITTEE: Commerce and Consumer Affairs

ANALYSIS

This bill establishes a single payer health care system to provide health care for the citizens of New Hampshire.

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Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Fifteen

AN ACT establishing a single payer health care system and making an appropriation therefor.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Statement of Purpose. It is the purpose of this act to create a New Hampshire health services program. This program shall provide universal access to health care for all individuals residing within New Hampshire, promote and improve the health of all its residents, stress the importance of good public health through treatment and prevention of diseases, and contain costs of delivering care within the financial means of the stakeholders in our state. If legislation of this kind is enacted on a federal level, it is the intent of this act to become a part of a nationwide system.

2 New Chapter; New Hampshire Single Cure Act. Amend RSA by inserting after chapter 404-I the following new chapter:

CHAPTER 404-J

NEW HAMPSHIRE SINGLE CURE ACT

404-J:1 This chapter may be cited as the New Hampshire Single Cure Act.

404-J:2 Program Established. There is hereby established the New Hampshire health services program. This program shall provide universal access to health care for all individuals residing in New Hampshire.

404-J:3 Definitions. In this chapter:

I. "Board" means the New Hampshire health services governing board, established in RSA 404-J:12, responsible for the administration of the program.

II. "Program" means the New Hampshire health services program, established pursuant to this chapter.

III. "Trust" means the New Hampshire health services trust (NHHST), established in RSA 404-J:9, responsible for funding the program.

404-J:4 Eligibility. All individuals legally residing in New Hampshire shall be eligible to receive approved benefits and have payments made to health care providers under the program. To be eligible, individuals shall fill out an application form. An individual's social security number shall not be used for the purposes of this section. After filling out the form, individuals shall receive a program insurance card with a unique number in the mail. Individuals who present themselves for covered services from a participating provider shall be presumed to be eligible under this chapter but shall complete an application for benefits in order to receive a New Hampshire health services card and have payments made for such benefits.

404-J:5 Benefits and Portability. The health coverage benefits under this chapter shall be available through any licensed health care practitioner or facility anywhere in the state that is legally qualified to provide such benefits and for emergency outpatient and inpatient care anywhere in the United States. Out-of-state non-emergency services shall be covered if not available within New Hampshire. No deductibles, co-payments, coinsurance, or other cost sharing shall be imposed with respect to covered benefits except for those goods or services that exceed basic covered benefits as defined by the board. Covered services include, but are not limited to:

I. Primary care and prevention.

II. Specialty care other than elective cosmetic.

III. Inpatient care.

IV. Outpatient care.

V. Emergency care.

VI. Prescription drugs.

VII. Durable medical equipment.

VIII. Long-term care.

IX. Mental health services.

X. The full scope of dental services, other than elective cosmetic dentistry.

XI. Substance abuse treatment services.

XII. Chiropractic services.

XIII. Basic vision care and vision correction.

XIV. Medical devices for appropriate clinical indication.

404-J:6 Qualification of Participating Practitioners or Facilities.

I. Health care delivery facilities shall meet regional and state quality and licensing guidelines as a condition of participation under the program, including guidelines regarding safe staffing and quality of care.

II. A participating health care practitioner shall be licensed by the state. No health care practitioner or facility whose license is under suspension or has been revoked shall participate in the program.

III. Patients shall have free choice of participating eligible practitioners or facilities including, but not limited to, hospitals set up for acute inpatient and chronic care.

404-J:7 Practitioner, Facility, and Supplier Reimbursement.

I. The program shall pay all health care practitioners according to the following standards:

(a) Physicians and other practitioners can choose to be paid fee-for-service, salaried by institutions receiving global budgets, or salaried by group practices.

(b) The program shall reimburse physicians choosing to be paid fee-for-service according to a fee schedule negotiated between physician representatives and the program on an annual basis.

II. The program shall pay each hospital and other licensed health care institutions, including, but not limited to, nursing homes, community health rehabilitation centers, home health care agencies, and such other qualifying institutional providers, according to the following standards:

(a) A monthly lump sum payment to cover all operating expenses. The hospital and program shall negotiate the amount of this payment annually based on past budgets, clinical performance, and projected changes in demand for services and input costs and proposed new programs. Hospitals shall not bill patients for services covered by the program and shall not use any of their operating budgets for expansion, profit, excessive executive income, marketing, or major capital purchases or leases.

(b) The program budget shall separately fund major capital expenditures including the construction of new health facilities and the purchase of durable equipment.

III. The program shall pay for all covered prescription drugs, devices, and durable medical supplies according to a fee schedule negotiated between the program and manufacturers, vendors and suppliers on an annual basis. Where therapeutically equivalent drugs are available, the formulary shall specify the use of the lowest-cost medication, with exceptions available in the case of medical necessity.

404-J:8 Prohibition Against Duplicating Coverage. A private health insurer shall not sell health insurance coverage that duplicates the benefits provided under this chapter. Nothing in this chapter shall be construed as prohibiting the sale of health insurance coverage for any additional benefits not covered by this chapter.

404-J:9 New Hampshire Health Services Trust.

I. There is hereby established the New Hampshire health services trust (NHHST) fund which shall be accounted for distinctly and separately from all other funds and shall be non-interest bearing. The trust fund shall be administered by the board and shall be used solely to provide payment and reimbursement for the program under this chapter. All moneys in the trust fund shall be nonlapsing and shall be continually appropriated to the board for the purposes of the trust fund. The trust fund shall be authorized to pay and/or reimburse:

(a) The funds for the general operating budget of the program.

(b) Reimbursement for benefits outlined in RSA 404-J:5.

(c) Public health services.

(d) Capital expenditures for construction or renovation of health care facilities or major equipment purchases deemed necessary throughout the state and approved by the board.

(e) Re-education and job placement of persons who have lost their jobs as a result of this transition shall be limited to the first 5 years.

II. The general court shall provide funds to the NHHST, but shall not remove or borrow funds from the NHHST nor shall attempts be made under negotiations during the state budget cycles to underfund the program.

III. Funding of the NHHST shall include, but is not limited to, all of the following:

(a) Funds appropriated for health care as outlined by the state on a yearly basis.

(b) All federal funds that are designated for health care, including, but not limited to, all funds designated for Medicaid. The trust shall be authorized to negotiate with the federal government for funding of Medicare recipients.

(c) Public and private grants and contributions.

(d) Any other funds specifically ear-marked for health care or health care education such as settlements from litigation.

IV. The total overhead and administrative portion of the program budget shall not exceed 12 percent of the total operating budget of the program for the first 2 years that the program is in operation; 8 percent for the following 2 years; and 5 percent for each year thereafter.

V. The program shall establish and maintain regional districts for the purposes of local administration and oversight of programs that are specific to each region's needs.

404-J:10 Long-Term Care Services. The board shall establish funding for long-term care services, including in-home, nursing home, and community-based care. The program shall establish in each community a mechanism to determine eligibility and coordinate home and nursing home care and may contract with long-term care practitioners or facilities for the full range of needed long-term care services.

404-J:11 Mental Health Services. The program shall provide coverage for all medically necessary mental health care on the same basis as the coverage for other conditions. The program shall cover supportive residences, occupational therapy, and ongoing mental health and counseling services outside the hospital for patients with serious mental illness. In all cases the highest quality and most effective care shall be delivered, including institutional care.

404-J:12 New Hampshire Health Services Governing Board.

I. There is hereby established the New Hampshire health services governing board composed of the following 15 members:

(a) One third of whom shall be appointed by the speaker of the house of representatives.

(b) One third of whom shall be appointed by the president of the senate.

(c) One third of whom shall be appointed by the governor.

II. At least 1/3 of the members of the board shall consist of non-provider representatives drawn from the public at large.

III. The members of the board shall serve 3-year terms, provided that the initial appointees shall serve staggered terms. Members of the board shall not serve more than 2 full consecutive terms.

IV. The governor shall appoint a chairman of the board, who shall serve at the pleasure of the governor, from among its members.

V. Members of the board shall be reimbursed for reasonable expenses incurred in carrying out their duties under this chapter. If there are legislative members of the board, they shall receive mileage at the legislative rate when attending to the duties of the board.

VI. The board shall administer the program including:

(a) Implementing eligibility standards and program enrollment.

(b) Adopting the benefits package.

(c) Establishing formulas for setting health expenditure budgets.

(d) Administrating global budgets, capital expenditure budgets, and prompt reimbursement to licensed facilities.

(e) Creating a committee to negotiate the cost of pharmaceuticals, supplies, and durable medical goods and devices.

(f) Implementing changes to benefits, per evidence-based medicine.

(g) Establishing quality and planning functions including criteria for capital expansion and infrastructure development, measurement and evaluation of health quality indicators, and the mechanisms for long-term care integration.

404-J:13 Payment for Prescription Medications, Medical Supplies, and Durable Medical Equipment; Committee.

I. The program shall establish a uniform prescription drug formulary and list of approved durable medical goods and supplies.

II. The board shall establish a pharmaceuticals, devices, and durable medical goods committee. The members of the board shall appoint the members of the committee which shall include health professionals and related individuals. The committee shall to meet on a quarterly basis, to discuss, reverse, add to, or remove items from the formulary according to sound medical practice. The committee shall negotiate the prices of pharmaceuticals, devices, and durable medical goods with suppliers, vendors, or manufacturers on an open bid, statewide competitive basis. Prices shall be reviewed, negotiated, or re-negotiated on no less than an annual basis. The committee shall establish a process of open forum to the public for the purposes of grievance and petition from suppliers, provider groups, and the public regarding the formulary no less than 2 times a year.

III. All pharmacy, devices, and durable medical goods vendors shall be licensed to distribute medical goods through the regulations outlined by the board.

IV. All decisions and determinations of the committee shall be presented to and approved by the board on an annual basis.

V. The board, in conjunction with the committee, shall provide a mechanism for making available to patients prescription drugs and durable medical supplies not on the formulary or list if medically deemed necessary on a case-by-case basis.

404-J:14 Patients' Rights and Medical Liability.

I. The program shall protect the rights and privacy of the patients that it serves in accordance with all current state and federal statutes. Patients shall have the right to access their medical records upon demand.

II. The board shall initiate steps for transition to a no fault system for medical liability matters and away from the current tort-based approach.

404-J:15 Innovation Waiver. The insurance commissioner shall apply to the federal government for state innovation waivers as appropriate and as provided for by the Patient Protection and Affordable Care Act of 2009, Public Law 111-148, as amended.

3 New Subparagraph; New Hampshire Health Services Trust Fund. Amend RSA 6:12, I(b) by inserting after subparagraph (326) the following new subparagraph:

(327) Moneys deposited in the New Hampshire health services trust fund established under RSA 404-J:9.

4 Appropriation; New Hampshire Health Services Program. There is hereby appropriated to the New Hampshire health services governing board, established in RSA 404-J:12 as inserted by section 2 of this act, the sum of $ 1 for the biennium ending June 30, 2017. Such funds shall be in addition to any other funds appropriated to the board. The governor is authorized to draw a warrant for said sum out of any money in the treasury not otherwise appropriated.

5 Effective Date. This act shall take effect 60 days after its passage.

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HB 686-FN-A FISCAL NOTE

AN ACT establishing a single payer health care system and making an appropriation therefor.

FISCAL IMPACT:

The Departments of Health and Human Services, Insurance, and Administrative Services, and the New Hampshire Municipal Association and New Hampshire Association of Counties state this bill, **as introduced,** will reduce state revenue, and have an indeterminable fiscal impact on state, county and local expenditures, and county revenue in FY 2016 and each year thereafter. There will be no fiscal impact on local revenue.

This bill appropriates $1 from the state general fund to the New Hampshire Health Services governing board for the biennium ending June 30, 2017.

The Office of Legislative Budget Assistant is awaiting information from the Department of Corrections relative to the potential fiscal impact of this bill. The Department was contacted on 1/08/15.

METHODOLOGY:

The Department of Health and Human Services assumes this bill would eliminate all current forms of health coverage in the state, both publically and privately funded. The Department administers the Medicaid program that provides health coverage to low income citizens pursuant to federal regulations. The Medicaid program is funded on a 50/50 basis between the state and the federal government with total expenditures of approximately $1.5 billion in FY 2014. The Department assumes the type of reform contemplated in the bill would require a global demonstration style waiver authorized under section 1115 of the Social Security Act, to be submitted by the Commissioner of the Department of Health and Human Services. The Department does not have information on how public and private funds would be calculated and contributed to the trust fund, when the program would commence, or how the program would be administered. The Department assumes there would be a fiscal impact to state, county, and local government, but does not have information on which to base estimates.

The Insurance Department states this bill creates a single payer health care system in New Hampshire. The Department states the bill is effective 60 days after passage and assumes the

program would not be up, running, and able to provide coverage until January 1, 2017. The Department assumes there may be a supplemental health insurance market with coverage supplementing the single payer system. The Department indicates it could prepare the necessary waiver applications within its existing budget. The Department estimates state insurance premium tax revenue would decrease by approximately $50 million in FY 2018, and $25 million in FY 2019. The lower amount in FY 2018 would reflect a refund of estimates collected in FY 2017. The Department states its analysis only considers the impact on insurance premium tax revenue.

The Department of Administrative Service states the bill would provide universal access to health care for all New Hampshire residents, and prohibits private health insurance companies from selling health care coverage. The Department currently administers a self-funded state employee and retiree health benefit plan and assumes, even with a single payer system, the state would remain responsible for financing those health benefits. The Department cannot determine if costs would increase or decrease under a single payer system.

The New Hampshire Municipal Association states this legislation would reduce municipal expenditures by reducing insurance costs for municipal employees and paying health care costs for indigent persons who otherwise would rely on municipal welfare assistance. The Association states it does not have sufficient information to determine the reduction in municipal expenditures. The Association states there would be no impact on municipal revenue.

The New Hampshire Association of Counties states there is not sufficient information to project the overall impact on county revenues or expenditures.