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**AMENDMENT-IN-THE-NATURE-OF-A-SUBSTITUTE
 TO H.R. 3962 , AS REPORTED
 OFFERED BY MR. WEINER OF NEW YORK, MR.
 CONYERS OF MICHIGAN, MR. ENGEL OF NEW
 YORK, MS. BALDWIN OF WISCONSIN, MS.
 BALDWIN OF WISCONSIN, MR. DOYLE OF
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 SCHAKOWSKY OF ILLINOIS, MR. WELCH OF
 VERMONT, AND MS. EDWARDS OF MARYLAND**

(Amendment is to either H.R. 3200 or to H.R. 3962)

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS; REF-**
 2 **ERENCES.**

3 (a) **SHORT TITLE.**—This Act may be cited as the
 4 “Expanded and Improved Medicare for All Act”.

5 (b) **TABLE OF CONTENTS.**—The table of contents of
 6 this Act is as follows:

- Sec. 1. Short title; table of contents; references.
- Sec. 2. Definitions and terms.

TITLE I—ELIGIBILITY AND BENEFITS

- Sec. 101. Eligibility and registration.
- Sec. 102. Benefits and portability.
- Sec. 103. Qualification of participating providers.
- Sec. 104. Prohibition against duplicating coverage.

TITLE II—FINANCES

Subtitle A—Budgeting and Payments

- Sec. 201. Budgeting process.
- Sec. 202. Payment of providers and health care clinicians.
- Sec. 203. Payment for long-term care.
- Sec. 204. Mental health services.
- Sec. 205. Payment for prescription medications, medical supplies, and medically necessary assistive equipment.
- Sec. 206. Consultation in establishing reimbursement levels.

Subtitle B—Funding

- Sec. 211. Overview: funding the Medicare for All Program.
- Sec. 212. Appropriations for existing programs.

Subtitle C—Revenue Provisions

- Sec. 221. Imposition of United States Health Program payroll tax.
- Sec. 222. Surcharge on high income individuals.
- Sec. 223. Delay in application of worldwide allocation of interest.
- Sec. 224. Limitation on treaty benefits for certain deductible payments.
- Sec. 225. Codification of economic substance doctrine.
- Sec. 226. Penalties for underpayments.

TITLE III—ADMINISTRATION

- Sec. 301. Public administration; appointment of Director.
- Sec. 302. Office of Quality Control.
- Sec. 303. Regional and State administration; employment of displaced clerical workers.
- Sec. 304. Confidential electronic patient record system.
- Sec. 305. National Board of Universal Quality and Access.

TITLE IV—ADDITIONAL PROVISIONS

- Sec. 401. Treatment of VA and IHS health programs.
- Sec. 402. Public health and prevention.
- Sec. 403. Reduction in health disparities.

TITLE V—GENERAL EFFECTIVE DATE

- Sec. 501. Effective date.

TITLE VI—[INSERT HERE TITLES I-IV OF DIVISION C OF HR 3200 AS REPORTED BY COMMITTEE ON ENERGY AND COMMERCE]

1 (c) REFERENCES TO THIS ACT.—References in sec-
2 tion 2 and titles I through V of this Act to “this Act”
3 shall be deemed, unless the context otherwise requires, to
4 such section and such titles.

5 (d) PURPOSE.—

1 (1) IN GENERAL.—This Act is intended to pro-
2 vide improved and expanded Medicare benefits to all
3 American through a new Medicare for All program.

4 (2) PROTECTION OF CURRENT MEDICARE
5 BENEFICIARIES.—Medicare will not be eliminated,
6 but rather current Medicare beneficiaries shall re-
7 ceive improved coverage with no co-pays or
8 deductibles through this Act.

9 **SEC. 2. DEFINITIONS AND TERMS.**

10 In this section and titles I through V:

11 (1) MEDICARE FOR ALL PROGRAM; PROGRAM.—
12 The terms “Medicare for All Program” and “Pro-
13 gram” mean the program of benefits provided under
14 such titles and, unless the context otherwise re-
15 quires, the Secretary with respect to functions relat-
16 ing to carrying out such program.

17 (2) NATIONAL BOARD OF UNIVERSAL QUALITY
18 AND ACCESS.—The term “National Board of Uni-
19 versal Quality and Access” means such Board estab-
20 lished under section 305.

21 (3) REGIONAL OFFICE.—The term “regional of-
22 fice” means a regional office established under sec-
23 tion 303.

24 (4) SECRETARY.—The term “Secretary” means
25 the Secretary of Health and Human Services.

1 (5) DIRECTOR.—The term “Director” means,
2 in relation to the Program, the Director appointed
3 under section 301.

4 **TITLE I—ELIGIBILITY AND**
5 **BENEFITS**

6 **SEC. 101. ELIGIBILITY AND REGISTRATION.**

7 (a) IN GENERAL.—All individuals lawfully residing in
8 the United States (including any territory of the United
9 States) are covered under the Medicare for All Program
10 entitling them to a universal, best quality standard of care.
11 Each such individual shall receive a card with a unique
12 number in the mail. An individual’s social security number
13 shall not be used for purposes of registration under this
14 section.

15 (b) REGISTRATION.—Individuals and families shall
16 receive a United States National Health Insurance Card
17 in the mail, after filling out a United States National
18 Health Insurance application form at a health care pro-
19 vider. Such application form shall be no more than 2 pages
20 long.

21 (c) PRESUMPTION.—Individuals who present them-
22 selves for covered services from a participating provider
23 shall be presumed to be eligible for benefits under this Act,
24 but shall complete an application for benefits in order to

1 receive a United States National Health Insurance Card
2 and have payment made for such benefits.

3 (d) RESIDENCY CRITERIA.—The Secretary shall pro-
4 mulgate a rule that provides criteria for determining resi-
5 dency for eligibility purposes under the Medicare for All
6 Program.

7 (e) COVERAGE FOR VISITORS.—The Secretary shall
8 promulgate a rule regarding visitors from other countries
9 who seek premeditated non-emergency surgical proce-
10 dures. Such a rule should facilitate the establishment of
11 country-to-country reimbursement arrangements or self
12 pay arrangements between the visitor and the provider of
13 care.

14 **SEC. 102. BENEFITS AND PORTABILITY.**

15 (a) IN GENERAL.—The health care benefits under
16 this Act cover all of the following medically necessary serv-
17 ices:

18 (1) Hospitalization.

19 (2) Outpatient hospital and outpatient clinic
20 services, including emergency department services.

21 (3) Professional services of physicians and other
22 health professionals.

23 (4) Such services, equipment, and supplies inci-
24 dent to the services of a physician's or a health pro-
25 fessional's delivery of care in institutional settings,

1 physician offices, patients' homes or place of resi-
2 dence, or other settings, as appropriate.

3 (5) Prescription drugs.

4 (6) Rehabilitative and habilitative services.

5 (7) Mental health and substance use disorder
6 services, including behavioral health treatments.

7 (8) Preventive services, including those services
8 recommended with a grade of A or B by the Task
9 Force on Clinical Preventive Services and those vac-
10 cines recommended for use by the Director of the
11 Centers for Disease Control and Prevention.

12 (9) Maternity care.

13 (10) Well baby and well child care; treatment of
14 a congenital or developmental deformity, disease, or
15 injury; and oral health, vision, and hearing services,
16 equipment, and supplies at least for children under
17 21 years of age.

18 (11) Long-term care.

19 (b) PORTABILITY.—Such benefits are available
20 through any licensed health care clinician anywhere in the
21 United States that is legally qualified to provide the bene-
22 fits.

23 (c) NO COST-SHARING.—No deductibles, copay-
24 ments, coinsurance, or other cost-sharing shall be imposed
25 with respect to covered benefits.

1 **SEC. 103. QUALIFICATION OF PARTICIPATING PROVIDERS.**

2 (a) **QUALITY STANDARDS.—**

3 (1) **IN GENERAL.—**Health care delivery facili-
4 ties must meet State quality and licensing guidelines
5 as a condition of participation under such program,
6 including guidelines regarding safe staffing and
7 quality of care.

8 (2) **LICENSURE REQUIREMENTS.—**Participating
9 clinicians must be licensed in their State of practice
10 and meet the quality standards for their area of
11 care. No clinician whose license is under suspension
12 or who is under disciplinary action in any State may
13 be a participating provider.

14 (b) **PARTICIPATION OF HEALTH MAINTENANCE OR-**
15 **GANIZATIONS.—**

16 (1) **IN GENERAL.—**Health maintenance organi-
17 zations that deliver care in their own facilities and
18 employ clinicians on a salaried basis may participate
19 in the program and receive global budgets or capita-
20 tion payments as specified in section 202.

21 (2) **EXCLUSION OF CERTAIN HEALTH MAINTEN-**
22 **NANCE ORGANIZATIONS.—**Other health maintenance
23 organizations, including those which principally con-
24 tract to pay for services delivered by non-employees,
25 shall be classified as insurance plans. Such organiza-
26 tions shall not be participating providers, and are

1 subject to the regulations promulgated by reason of
2 section 104(a) (relating to prohibition against dupli-
3 cating coverage).

4 (c) FREEDOM OF CHOICE.—Patients shall have free
5 choice of participating physicians and other clinicians,
6 hospitals, and inpatient care facilities.

7 **SEC. 104. PROHIBITION AGAINST DUPLICATING COVERAGE.**

8 (a) IN GENERAL.—It is unlawful for a private health
9 insurer to sell health insurance coverage that duplicates
10 the benefits provided under this Act.

11 (b) CONSTRUCTION.—Nothing in this Act shall be
12 construed as prohibiting the sale of health insurance cov-
13 erage for any additional benefits not covered by this Act,
14 such as for cosmetic surgery or other services and items
15 that are not medically necessary.

16 **TITLE II—FINANCES**

17 **Subtitle A—Budgeting and**
18 **Payments**

19 **SEC. 201. BUDGETING PROCESS.**

20 (a) ESTABLISHMENT OF OPERATING BUDGET AND
21 CAPITAL EXPENDITURES BUDGET.—

22 (1) IN GENERAL.—To carry out this Act there
23 are established on an annual basis consistent with
24 this title—

1 (A) an operating budget, including
2 amounts for optimal physician, nurse, and other
3 health care professional staffing;

4 (B) a capital expenditures budget;

5 (C) reimbursement levels for providers con-
6 sistent with this subtitle;

7 (D) a health professional education budget,
8 including amounts for the continued funding of
9 resident physician training programs; and

10 (E)) a budget, based on historical expend-
11 itures for the previous fiscal year, for miscella-
12 neous items, such as building and equipment
13 maintenance, minor equipment purchases, and
14 other general costs, not to exceed a per item
15 amount stipulated annually by the Director.

16 (2) REGIONAL ALLOCATION.—After Congress
17 appropriates amounts for the annual budget for the
18 Medicare for All Program, the Director shall provide
19 the regional offices with an annual funding allot-
20 ment to cover the costs of each region's expendi-
21 tures. Such allotment shall cover global budgets, re-
22 imbursements to clinicians, health professional edu-
23 cation, and capital expenditures. Regional offices
24 may receive additional funds from the national pro-
25 gram at the discretion of the Director.

1 (b) OPERATING BUDGET.—The operating budget
2 shall be used for—

3 (1) payment for services rendered by physicians
4 and other clinicians;

5 (2) global budgets for institutional providers;

6 (3) capitation payments for capitated groups;
7 and

8 (4) administration of the Program.

9 (c) CAPITAL EXPENDITURES BUDGET.—The capital
10 expenditures budget shall be used for funds needed for—

11 (1) the construction or renovation of health fa-
12 cilities; and

13 (2) for major equipment purchases.

14 (d) PROHIBITION AGAINST CO-MINGLING OPER-
15 ATIONS AND CAPITAL IMPROVEMENT FUNDS.—It is pro-
16 hibited to use funds under this Act that are earmarked—

17 (1) for operations for capital expenditures; or

18 (2) for capital expenditures for operations.

19 (e) MECHANISMS TO ENSURE BUDGET NEU-
20 TRALITY.—The Director, in consultation with the Na-
21 tional Board of Universal Quality and Access, shall estab-
22 lish mechanisms in order to seek to ensure that expendi-
23 tures under this title do not exceed the aggregate amount
24 of revenues available to cover such expenditures , except
25 in the case of unanticipated public health emergencies,

1 such as pandemics. Such mechanisms may include mecha-
2 nisms such as the following:

3 (1) Holding chief executive and financial offi-
4 cers of institutional providers accountable for main-
5 taining expenditures within the institution's global
6 budget under this title.

7 (2) Requiring that the amount of any expendi-
8 tures in a fiscal year in excess of the budget for such
9 fiscal year be counted as a reduction of revenues
10 available for expenditure in the succeeding fiscal
11 year.

12 **SEC. 202. PAYMENT OF PROVIDERS AND HEALTH CARE CLI-**
13 **NICIANS.**

14 (a) ESTABLISHING GLOBAL BUDGETS FOR INSTITU-
15 TIONAL PROVIDERS; QUARTERLY LUMP SUM.—

16 (1) IN GENERAL.—The Medicare for All Pro-
17 gram, through its regional offices, shall pay each in-
18 stitutional provider of care, including hospitals,
19 nursing homes, community or migrant health cen-
20 ters, home care agencies, or other institutional pro-
21 viders or prepaid group practices, a quarterly lump
22 sum to cover all operating expenses under a global
23 budget.

24 (2) ESTABLISHMENT OF GLOBAL BUDGETS.—
25 The global budget of each institutional provider

1 shall be set by the Director, following consultations
2 with State and Regional directors. Such budget
3 shall have three main components:

4 (A) BASE BUDGET.—A base budget con-
5 sisting of audited and verified expenditures, by
6 such categories as the Director may set, for the
7 previous 2-year period.

8 (B) ADJUSTED BASE BUDGET.—An ad-
9 justed base budget consisting of a fixed percent-
10 age increase in the base budget, set by the Di-
11 rector, to allow for inflation from the base pe-
12 riod described in subparagraph (A).

13 (C) ADDITIONAL AMOUNT.—An additional
14 amount, to be negotiated between the Director
15 and the State, Regional, and Institutional direc-
16 tors, to accommodate any new or expanded
17 programs approved by the Director, as well as
18 projected increases or decreases in the vol-
19 umes of specific services and support activities.

20

21 Negotiations shall occur only under subparagraph
22 (C) and not under subparagraph (A) or (B). The
23 Medicare for All Program, through its regional of-
24 fices, shall pay each institutional provider of care,
25 including hospitals, nursing homes, community or

1 migrant health centers, home care agencies, or other
2 institutional providers or pre-paid group practices, a
3 quarterly lump sum to cover all operating expenses
4 under the provider's global budget.

5 (3) BUDGET APPROVAL PROCESS.—

6 (A) IN GENERAL.—The Director shall pro-
7 vide budgets only for such institutional pro-
8 viders as the Director has previously received
9 proposals from and approved. Such an approved
10 institutional provider status shall continue for a
11 period established by the Director, except that
12 the Director may terminate such status, after
13 having given due notice and provided funding
14 for the reasonable costs of ending the relation-
15 ship.

16 (B) RIGHT TO RAISE FUNDS.—Each ap-
17 proved institutional provider has the right to
18 raise funds for its approved objectives, from
19 local or regional charities and community
20 groups. Such funds may be used at the discre-
21 tion of the provider, except that they may not
22 be used to establish a new clinical program un-
23 less such funding is both in perpetuity and ade-
24 quate to cover the full cost of such clinical pro-
25 gram.

1 (C) AUDITING.—Each approved institu-
2 tional provider shall keep audited financial
3 records using categories established by the Di-
4 rector and shall identify to the Director in the
5 course of annual budget process the actual cost
6 of each main clinical service and main oper-
7 ational activity conducted by the provider.

8 (D) NO BUDGET APPROVAL FOR INSTITU-
9 TIONAL PROVIDERS IN STATES FAILING TO PAY
10 AMOUNTS REQUIRED.—The Director shall not
11 approve a budget of an institutional provider in
12 a State, or make payment based on such a
13 budget for such a provider, unless the State has
14 provided for timely payments of amounts owed
15 under section 211(c)(4).

16 (4) INCENTIVES FOR EFFICIENCY.—In estab-
17 lishing and implementing global budgets, the Direc-
18 tor—

19 (A) shall provide incentives for institu-
20 tional providers to maintain costs below the
21 global budget amount, such as payment of
22 amounts above such costs;

23 (B) shall provide for a reduction in the
24 global budget for a succeeding year insofar as

1 the hospital expenses exceed the global budget
2 for the previous year; and

3 (C) in the case of repeated instances of un-
4 authorized expenditures above the approved an-
5 nual budget, may terminate permanently all
6 funding for programs subject to such overages
7 and recommend such changes in manage-
8 ment and financial control procedures as the
9 Director believes to be appropriate.

10 (5) ACCOMMODATION FOR EMERGENCY CARE.—

11 In the case of a hospital that has a high volume of
12 emergency services for individuals not described in
13 section 101(a), the costs of such care shall be taken
14 into account when negotiating the hospital's global
15 budget under this subsection.

16 (b) THREE PAYMENT OPTIONS FOR PHYSICIANS AND
17 CERTAIN OTHER HEALTH PROFESSIONALS.—

18 (1) IN GENERAL.—The Program shall pay phy-
19 sicians, dentists, doctors of osteopathy, pharmacists,
20 psychologists, chiropractors, doctors of optometry,
21 nurse practitioners, nurse midwives, physicians' as-
22 sistants, and other advanced practice clinicians as li-
23 censed and regulated by the States by the following
24 payment methods:

1 (A) Fee for service payment under para-
2 graph (2).

3 (B) Salaried positions in institutions re-
4 ceiving global budgets under paragraph (3).

5 (C) Salaried positions within group prac-
6 tices or non-profit health maintenance organiza-
7 tions receiving capitation payments under para-
8 graph (4).

9 (2) FEE FOR SERVICE.—

10 (A) IN GENERAL.—The Program shall ne-
11 gotiate a simplified fee schedule that is fair and
12 optimal with representatives of physicians and
13 other clinicians, after close consultation with
14 the National Board of Universal Quality and
15 Access and regional and State directors. Ini-
16 tially, the current prevailing fees or reimburse-
17 ment would be the basis for the fee negotiation
18 for all professional services covered under this
19 Act.

20 (B) CONSIDERATIONS.—In establishing
21 such schedule, the Director shall take into con-
22 sideration the following:

23 (i) The need for a uniform national
24 standard.

1 (ii) The goal of ensuring that physi-
2 cians, clinicians, pharmacists, and other
3 medical professionals be compensated at a
4 rate which reflects their expertise and the
5 value of their services, regardless of geo-
6 graphic region and past fee schedules.

7 (C) STATE PHYSICIAN PRACTICE REVIEW
8 BOARDS.—The State director for each State, in
9 consultation with representatives of the physi-
10 cian community of that State, shall establish
11 and appoint a physician practice review board
12 to assure quality, cost effectiveness, and fair re-
13 imbursements for physician delivered services.

14 (D) FINAL GUIDELINES.—The Director
15 shall be responsible for promulgating final
16 guidelines to all providers.

17 (E) BILLING.—Under this Act physicians
18 shall submit bills to the regional director on a
19 simple form, or via computer. Interest shall be
20 paid to providers who are not reimbursed within
21 30 days of submission.

22 (F) NO BALANCE BILLING.—Licensed
23 health care clinicians who accept any payment
24 from the Medicare for All Program may not bill
25 any patient for any covered service.

1 (G) UNIFORM COMPUTER ELECTRONIC
2 BILLING SYSTEM.—The Director shall create a
3 uniform computerized electronic billing system,
4 including those areas of the United States
5 where electronic billing is not yet established.

6 (3) SALARIES WITHIN INSTITUTIONS RECEIVING
7 GLOBAL BUDGETS.—

8 (A) IN GENERAL.—In the case of an insti-
9 tution, such as a hospital, health center, group
10 practice, community and migrant health center,
11 or a home care agency that elects to be paid a
12 quarterly global budget for the delivery of
13 health care as well as for education and preven-
14 tion programs, physicians and other clinicians
15 employed by such institutions shall be reim-
16 bursed through a salary included as part of
17 such a budget.

18 (B) SALARY RANGES.—Salary ranges for
19 health care providers shall be determined in the
20 same way as fee schedules under paragraph (2).

21 (4) SALARIES WITHIN CAPITATED GROUPS.—

22 (A) IN GENERAL.—Health maintenance or-
23 ganizations, group practices, and other institu-
24 tions may elect to be paid capitation payments
25 to cover all outpatient, physician, and medical

1 home care provided to individuals enrolled to
2 receive benefits through the organization or en-
3 tity.

4 (B) SCOPE.—Such capitation may include
5 the costs of services of licensed physicians and
6 other licensed, independent practitioners pro-
7 vided to inpatients. Other costs of inpatient and
8 institutional care shall be excluded from capita-
9 tion payments, and shall be covered under insti-
10 tutions' global budgets.

11 (C) PROHIBITION OF SELECTIVE ENROLL-
12 MENT.—Patients shall be permitted to enroll or
13 disenroll from such organizations or entities
14 without discrimination and with appropriate no-
15 tice.

16 (D) HEALTH MAINTENANCE ORGANIZA-
17 TIONS.—Under this Act—

18 (i) health maintenance organizations
19 shall be required to reimburse physicians
20 based on a salary; and

21 (ii) financial incentives between such
22 organizations and physicians based on uti-
23 lization are prohibited.

1 **SEC. 203. PAYMENT FOR LONG-TERM CARE.**

2 (a) ALLOTMENT FOR REGIONS.—The Program shall
3 provide for each region a single budgetary allotment to
4 cover a full array of long-term care services under this
5 Act.

6 (b) REGIONAL BUDGETS.—Each region shall provide
7 a global budget to local long-term care providers for the
8 full range of needed services, including in-home, nursing
9 home, and community based care.

10 (c) BASIS FOR BUDGETS.—Budgets for long-term
11 care services under this section shall be based on past ex-
12 penditures, financial and clinical performance, utilization,
13 and projected changes in service, wages, and other related
14 factors.

15 (d) FAVORING NON-INSTITUTIONAL CARE.—All ef-
16 forts shall be made under this Act to provide long-term
17 care in a home- or community-based setting, as opposed
18 to institutional care.

19 **SEC. 204. MENTAL HEALTH SERVICES.**

20 (a) IN GENERAL.—The Program shall provide cov-
21 erage for all medically necessary mental health care on
22 the same basis as the coverage for other conditions. Li-
23 censed mental health clinicians shall be paid in the same
24 manner as specified for other health professionals, as pro-
25 vided for in section 202(b).

1 (b) FAVORING COMMUNITY-BASED CARE.—The
2 Medicare for All Program shall cover supportive resi-
3 dences, occupational therapy, and ongoing mental health
4 and counseling services outside the hospital for patients
5 with serious mental illness. In all cases the highest quality
6 and most effective care shall be delivered, and, for some
7 individuals, this may mean institutional care.

8 **SEC. 205. PAYMENT FOR PRESCRIPTION MEDICATIONS,**
9 **MEDICAL SUPPLIES, AND MEDICALLY NEC-**
10 **CESSARY ASSISTIVE EQUIPMENT.**

11 (a) NEGOTIATED PRICES.—The prices to be paid
12 each year under this Act for covered pharmaceuticals,
13 medical supplies, and medically necessary assistive equip-
14 ment shall be negotiated annually by the Program.

15 (b) PRESCRIPTION DRUG FORMULARY.—

16 (1) IN GENERAL.—The Program shall establish
17 a prescription drug formulary system, which shall
18 encourage best-practices in prescribing and discour-
19 age the use of ineffective, dangerous, or excessively
20 costly medications when better alternatives are avail-
21 able.

22 (2) PROMOTION OF USE OF GENERICS.—The
23 formulary shall promote the use of generic medica-
24 tions but allow the use of brand-name and off-for-
25 mulary medications.

1 (3) FORMULARY UPDATES AND PETITION
2 RIGHTS.—The formulary shall be updated frequently
3 and clinicians and patients may petition their region
4 or the Director to add new pharmaceuticals or to re-
5 move ineffective or dangerous medications from the
6 formulary.

7 **SEC. 206. CONSULTATION IN ESTABLISHING REIMBURSE-**
8 **MENT LEVELS.**

9 Reimbursement levels under this subtitle shall be set
10 after close consultation with regional and State Directors
11 and after the annual meeting of National Board of Uni-
12 versal Quality and Access.

13 **Subtitle B—Funding**

14 **SEC. 211. OVERVIEW: FUNDING THE MEDICARE FOR ALL**
15 **PROGRAM.**

16 (a) IN GENERAL.—The Medicare for All Program is
17 to be funded as provided in subsection (c)(1).

18 (b) MEDICARE FOR ALL TRUST FUND.—There shall
19 be established a Medicare for All Trust Fund in which
20 funds provided under this section are deposited and from
21 which expenditures under this Act are made.

22 (c) FUNDING.—

23 (1) IN GENERAL.—There are appropriated to
24 the Medicare for All Trust Fund amounts sufficient
25 to carry out this Act from the following sources:

1 (A) Existing sources of Federal Govern-
2 ment revenues for health care.

3 (B) The revenue provisions contained in
4 subtitle C.

5 (2) SYSTEM SAVINGS AS A SOURCE OF FINANC-
6 ING.—Funding otherwise required for the Program
7 is reduced as a result of—

8 (A) vastly reducing paperwork;

9 (B) requiring a rational bulk procurement
10 of medications under section 205(a); and

11 (C) improved access to preventive health
12 care.

13 (3) ADDITIONAL ANNUAL APPROPRIATIONS TO
14 MEDICARE FOR ALL PROGRAM.—Additional sums are
15 authorized to be appropriated annually as needed to
16 maintain maximum quality, efficiency, and access
17 under the Program.

18 (4) STATE FUNDING REQUIRED; PROHIBITION
19 OF LOCAL CONTRIBUTIONS.—Each State (as defined
20 for purposes of title XIX of the Social Security
21 Act)—

22 (A) shall provide for payment (on a month-
23 ly or such other periodic basis as the Secretary
24 shall specify) to the Director to the credit of the
25 Medicare for All Trust Fund an amount equiva-

1 lent, on an annual basis, to 75 percent of the
2 aggregate non-Federal payments made under
3 the State's plans under title XIX and XXI of
4 such Act during fiscal year 2009; and

5 (B) may not require (in any manner, in-
6 cluding the manner described in section
7 1902(a)(2) of such Act) that a political subdivi-
8 sion within the State to contribute towards the
9 payment required under subparagraph (A).

10 **SEC. 212. APPROPRIATIONS FOR EXISTING PROGRAMS.**

11 (a) IN GENERAL.—Notwithstanding any other provi-
12 sion of law, subject to subsection (b), there are hereby
13 transferred and appropriated to carry out this Act,
14 amounts from the Treasury equivalent to the amounts the
15 Secretary estimates would have been appropriated and ex-
16 pended for Federal public health care programs, including
17 funds that would have been appropriated under the Medi-
18 care program under title XVIII of the Social Security Act,
19 under the Medicaid program under title XIX of such Act,
20 under the Children's Health Insurance Program under
21 title XXI of such Act, under the Federal employees health
22 benefits program under chapter 89 of title 5, United
23 States Code, health coverage provided through the Depart-
24 ment of Defense, community health center grants, and
25 maternal and child health funding, but not including ex-

1 penditures for health care through the Department of Vet-
2 erans Affairs and through the Indian Health Service (in-
3 cluding expenditures under the Indian Health Care Im-
4 provement Act).

5 (b) AMOUNTS SPECIFIED.—

6 (1) INITIAL PERIOD.—For purposes of sub-
7 section (a), the aggregate amount specified in such
8 subsection for each of fiscal years 2013 through
9 2018 are as follows (based on estimates as set forth
10 by the Centers for Medicare & Medicaid Services for
11 its National Health Expenditures (NHE) Projec-
12 tions annual report categorized under total public
13 payments as most recently published before the date
14 of the enactment of this Act):

15 (A) For fiscal year 2013,
16 \$1,527,400,000,000.

17 (B) For fiscal year 2014,
18 \$1,640,300,000,000.

19 (C) For fiscal year 2015,
20 \$1,768,400,000,000.

21 (D) For fiscal year 2016,
22 \$1,908,900,000,000.

23 (E) For fiscal year 2017,
24 \$2,064,300,000,000.

1 (F) For fiscal year 2018,
2 \$2,233,000,000,000.

3 (2) SUBSEQUENT YEARS.—For subsequent fis-
4 cal years, the Secretary shall estimate the aggregate
5 amount under subsection (a) based on the average
6 annual percentage increase in the amounts specified
7 in paragraph (1).

8 **Subtitle C—Revenue Provisions**

9 **SEC. 221. IMPOSITION OF UNITED STATES HEALTH PRO-** 10 **GRAM PAYROLL TAX.**

11 (a) TAX ON EMPLOYEES.—Subsection (b) of section
12 3101 of the Internal Revenue Code of 1986 is amended
13 to read as follows:

14 “(b) UNITED STATES HEALTH PROGRAM.—In addi-
15 tion to the tax imposed by the preceding subsection, there
16 is hereby imposed on the income of every individual a tax
17 equal to 6 percent of the wages (as defined in section
18 3121(a)) received by such individual with respect to em-
19 ployment (as defined in section 3121(b)).”.

20 (b) TAX ON EMPLOYERS.—Subsection (b) of section
21 3111 of such Code is amended to read as follows:

22 “(b) UNITED STATES HEALTH PROGRAM.—In addi-
23 tion to the tax imposed by the preceding subsection, there
24 is hereby imposed on every employer an excise tax, with
25 respect to having individuals in the employer’s employ,

1 equal to 8 percent of the wages (as defined in section
2 3121(a)) paid by the employer with respect to employment
3 (as defined in section 3121(b)).”.

4 (c) SELF-EMPLOYMENT TAX.—Subsection (b) of sec-
5 tion 1401 of such Code is amended to read as follows:

6 “(b) UNITED STATES HEALTH PROGRAM.—In addi-
7 tion to the tax imposed by the preceding subsection, there
8 shall be imposed for each taxable year, on the self-employ-
9 ment income of every individual, a tax equal to the 10
10 percent of the amount of the self-employment income for
11 such taxable year.”.

12 (d) TRANSFERS TO MEDICARE FOR ALL TRUST
13 FUND.—Notwithstanding any other provision of law, reve-
14 nues received under sections 3101(b), 3111(b), and
15 1401(b) of the Internal Revenue Code with respect to peri-
16 ods beginning after December 31, 2010 shall—

17 (1) be periodically transferred to the Medicare
18 for All Trust Fund, and

19 (2) no transfers shall be made to the Federal
20 Hospital Insurance Trust Fund with respect to such
21 revenues.

22 (e) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to periods beginning after Decem-
24 ber 31, 2012.

1 **SEC. 222. SURCHARGE ON HIGH INCOME INDIVIDUALS.**

2 (a) IN GENERAL.—Part VIII of subchapter A of
3 chapter 1 of the Internal Revenue Code of 1986, as added
4 by this title, is amended by adding at the end the following
5 new subpart:

6 **“Subpart B—Surcharge on High Income Individuals**

“Sec. 59C. Surcharge on high income individuals.

7 **“SEC. 59C. SURCHARGE ON HIGH INCOME INDIVIDUALS.**

8 “(a) GENERAL RULE.—In the case of a taxpayer
9 other than a corporation, there is hereby imposed (in addi-
10 tion to any other tax imposed by this subtitle) a tax equal
11 to—

12 “(1) 1 percent of so much of the modified ad-
13 justed gross income of the taxpayer as exceeds
14 \$350,000 but does not exceed \$500,000,

15 “(2) 1.5 percent of so much of the modified ad-
16 justed gross income of the taxpayer as exceeds
17 \$500,000 but does not exceed \$1,000,000, and

18 “(3) 5.4 percent of so much of the modified ad-
19 justed gross income of the taxpayer as exceeds
20 \$1,000,000.

21 “(b) TAXPAYERS NOT MAKING A JOINT RETURN.—
22 In the case of any taxpayer other than a taxpayer making
23 a joint return under section 6013 or a surviving spouse
24 (as defined in section 2(a)), subsection (a) shall be applied
25 by substituting for each of the dollar amounts therein

1 (after any increase determined under subsection (e)) a dol-
2 lar amount equal to—

3 “(1) 50 percent of the dollar amount so in ef-
4 fect in the case of a married individual filing a sepa-
5 rate return, and

6 “(2) 80 percent of the dollar amount so in ef-
7 fect in any other case.

8 “(c) ADJUSTMENTS BASED ON FEDERAL HEALTH
9 REFORM SAVINGS.—

10 “(1) IN GENERAL.—Except as provided in para-
11 graph (2), in the case of any taxable year beginning
12 after December 31, 2012, subsection (a) shall be ap-
13 plied—

14 “(A) by substituting ‘2 percent’ for ‘1 per-
15 cent’, and

16 “(B) by substituting ‘3 percent’ for ‘1.5
17 percent’.

18 “(2) ADJUSTMENTS BASED ON EXCESS FED-
19 ERAL HEALTH REFORM SAVINGS.—

20 “(A) EXCEPTION IF FEDERAL HEALTH RE-
21 FORM SAVINGS SIGNIFICANTLY EXCEEDS BASE
22 AMOUNT.—If the excess Federal health reform
23 savings is more than \$150,000,000,000 but not
24 more than \$175,000,000,000, paragraph (1)
25 shall not apply.

1 “(B) FURTHER ADJUSTMENT FOR ADDI-
2 TIONAL FEDERAL HEALTH REFORM SAVINGS.—
3 If the excess Federal health reform savings is
4 more than \$175,000,000,000, paragraphs (1)
5 and (2) of subsection (a) (and paragraph (1) of
6 this subsection) shall not apply to any taxable
7 year beginning after December 31, 2012.

8 “(C) EXCESS FEDERAL HEALTH REFORM
9 SAVINGS.—For purposes of this subsection, the
10 term ‘excess Federal health reform savings’
11 means the excess of—

12 “(i) the Federal health reform sav-
13 ings, over

14 “(ii) \$525,000,000,000.

15 “(D) FEDERAL HEALTH REFORM SAV-
16 INGS.—The term ‘Federal health reform sav-
17 ings’ means the sum of the amounts described
18 in subparagraphs (A) and (B) of paragraph (3).

19 “(3) DETERMINATION OF FEDERAL HEALTH
20 REFORM SAVINGS.—Not later than December 1,
21 2012, the Director of the Office of Management and
22 Budget shall—

23 “(A) determine, on the basis of the study
24 conducted under paragraph (4), the aggregate
25 reductions in Federal expenditures which have

1 been achieved as a result of the provisions of,
2 and amendments made by, the Expanded and
3 Improved Medicare for All Act during the pe-
4 riod beginning on October 1, 2009, and ending
5 with the latest date with respect to which the
6 Director has sufficient data to make such deter-
7 mination, and

8 “(B) estimate, on the basis of such study
9 and the determination under subparagraph (A),
10 the aggregate reductions in Federal expendi-
11 tures which will be achieved as a result of such
12 provisions and amendments during so much of
13 the period beginning with fiscal year 2010 and
14 ending with fiscal year 2019 as is not taken
15 into account under subparagraph (A).

16 “(4) STUDY OF FEDERAL HEALTH REFORM
17 SAVINGS.—The Director of the Office of Manage-
18 ment and Budget shall conduct a study of the reduc-
19 tions in Federal expenditures during fiscal years
20 2010 through 2019 which are attributable to the
21 provisions of, and amendments made by, the Ex-
22 panded and Improved Medicare for All Act. The Di-
23 rector shall complete such study not later than De-
24 cember 1, 2012.

1 “(5) REDUCTIONS IN FEDERAL EXPENDITURES
2 DETERMINED WITHOUT REGARD TO PROGRAM IN-
3 VESTMENTS.—For purposes of paragraphs (3) and
4 (4), reductions in Federal expenditures shall be de-
5 termined without regard to program investments
6 under the Expanded and Improved Medicare for All
7 Act.

8 “(d) MODIFIED ADJUSTED GROSS INCOME.—For
9 purposes of this section, the term ‘modified adjusted gross
10 income’ means adjusted gross income reduced by any de-
11 duction (not taken into account in determining adjusted
12 gross income) allowed for investment interest (as defined
13 in section 163(d)). In the case of an estate or trust, ad-
14 justed gross income shall be determined as provided in sec-
15 tion 67(e).

16 “(e) INFLATION ADJUSTMENTS.—

17 “(1) IN GENERAL.—In the case of taxable years
18 beginning after 2011, the dollar amounts in sub-
19 section (a) shall be increased by an amount equal
20 to—

21 “(A) such dollar amount, multiplied by

22 “(B) the cost-of-living adjustment deter-
23 mined under section 1(f)(3) for the calendar
24 year in which the taxable year begins, by sub-

1 stituting ‘calendar year 2010’ for ‘calendar year
2 1992’ in subparagraph (B) thereof.

3 “(2) ROUNDING.—If any amount as adjusted
4 under paragraph (1) is not a multiple of \$5,000,
5 such amount shall be rounded to the next lowest
6 multiple of \$5,000.

7 “(f) SPECIAL RULES.—

8 “(1) NONRESIDENT ALIEN.—In the case of a
9 nonresident alien individual, only amounts taken
10 into account in connection with the tax imposed
11 under section 871(b) shall be taken into account
12 under this section.

13 “(2) CITIZENS AND RESIDENTS LIVING
14 ABROAD.—The dollar amounts in effect under sub-
15 section (a) (after the application of subsections (b)
16 and (e)) shall be decreased by the excess of—

17 “(A) the amounts excluded from the tax-
18 payer’s gross income under section 911, over

19 “(B) the amounts of any deductions or ex-
20 clusions disallowed under section 911(d)(6)
21 with respect to the amounts described in sub-
22 paragraph (A).

23 “(3) CHARITABLE TRUSTS.—Subsection (a)
24 shall not apply to a trust all the unexpired interests

1 in which are devoted to one or more of the purposes
2 described in section 170(c)(2)(B).

3 “(4) NOT TREATED AS TAX IMPOSED BY THIS
4 CHAPTER FOR CERTAIN PURPOSES.—The tax im-
5 posed under this section shall not be treated as tax
6 imposed by this chapter for purposes of determining
7 the amount of any credit under this chapter or for
8 purposes of section 55.”

9 (b) CLERICAL AMENDMENT.—The table of subparts
10 for part VIII of subchapter A of chapter 1 of such Code,
11 as added by this title, is amended by inserting after the
12 item relating to subpart A the following new item:

“SUBPART B. SURCHARGE ON HIGH INCOME INDIVIDUALS.”

13 (c) SECTION 15 NOT TO APPLY.—The amendment
14 made by subsection (a) shall not be treated as a change
15 in a rate of tax for purposes of section 15 of the Internal
16 Revenue Code of 1986.

17 (d) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 December 31, 2010.

20 **SEC. 223. DELAY IN APPLICATION OF WORLDWIDE ALLOCA-**
21 **TION OF INTEREST.**

22 (a) IN GENERAL.—Paragraphs (5)(D) and (6) of sec-
23 tion 864(f) of the Internal Revenue Code of 1986 are each
24 amended by striking “December 31, 2010” and inserting
25 “December 31, 2019”.

1 (b) TRANSITION.—Subsection (f) of section 864 of
2 such Code is amended by striking paragraph (7).

3 **SEC. 224. LIMITATION ON TREATY BENEFITS FOR CERTAIN**
4 **DEDUCTIBLE PAYMENTS.**

5 (a) IN GENERAL.—Section 894 of the Internal Rev-
6 enue Code of 1986 (relating to income affected by treaty)
7 is amended by adding at the end the following new sub-
8 section:

9 “(d) LIMITATION ON TREATY BENEFITS FOR CER-
10 TAIN DEDUCTIBLE PAYMENTS.—

11 “(1) IN GENERAL.—In the case of any deduct-
12 ible related-party payment, any withholding tax im-
13 posed under chapter 3 (and any tax imposed under
14 subpart A or B of this part) with respect to such
15 payment may not be reduced under any treaty of the
16 United States unless any such withholding tax would
17 be reduced under a treaty of the United States if
18 such payment were made directly to the foreign par-
19 ent corporation.

20 “(2) DEDUCTIBLE RELATED-PARTY PAY-
21 MENT.—For purposes of this subsection, the term
22 ‘deductible related-party payment’ means any pay-
23 ment made, directly or indirectly, by any person to
24 any other person if the payment is allowable as a de-
25 duction under this chapter and both persons are

1 members of the same foreign controlled group of en-
2 tities.

3 “(3) FOREIGN CONTROLLED GROUP OF ENTI-
4 TIES.—For purposes of this subsection—

5 “(A) IN GENERAL.—The term ‘foreign
6 controlled group of entities’ means a controlled
7 group of entities the common parent of which
8 is a foreign corporation.

9 “(B) CONTROLLED GROUP OF ENTITIES.—
10 The term ‘controlled group of entities’ means a
11 controlled group of corporations as defined in
12 section 1563(a)(1), except that—

13 “(i) ‘more than 50 percent’ shall be
14 substituted for ‘at least 80 percent’ each
15 place it appears therein, and

16 “(ii) the determination shall be made
17 without regard to subsections (a)(4) and
18 (b)(2) of section 1563.

19 A partnership or any other entity (other than a
20 corporation) shall be treated as a member of a
21 controlled group of entities if such entity is con-
22 trolled (within the meaning of section
23 954(d)(3)) by members of such group (includ-
24 ing any entity treated as a member of such
25 group by reason of this sentence).

1 “(4) FOREIGN PARENT CORPORATION.—For
2 purposes of this subsection, the term ‘foreign parent
3 corporation’ means, with respect to any deductible
4 related-party payment, the common parent of the
5 foreign controlled group of entities referred to in
6 paragraph (3)(A).

7 “(5) REGULATIONS.—The Secretary may pre-
8 scribe such regulations or other guidance as are nec-
9 essary or appropriate to carry out the purposes of
10 this subsection, including regulations or other guid-
11 ance which provide for—

12 “(A) the treatment of two or more persons
13 as members of a foreign controlled group of en-
14 tities if such persons would be the common par-
15 ent of such group if treated as one corporation,
16 and

17 “(B) the treatment of any member of a
18 foreign controlled group of entities as the com-
19 mon parent of such group if such treatment is
20 appropriate taking into account the economic
21 relationships among such entities.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to payments made after the date
24 of the enactment of this Act.

1 **SEC. 225. CODIFICATION OF ECONOMIC SUBSTANCE DOC-**
2 **TRINE.**

3 (a) IN GENERAL.—Section 7701 of the Internal Rev-
4 enue Code of 1986 is amended by redesignating subsection
5 (o) as subsection (p) and by inserting after subsection (n)
6 the following new subsection:

7 “(o) CLARIFICATION OF ECONOMIC SUBSTANCE
8 DOCTRINE.—

9 “(1) APPLICATION OF DOCTRINE.—In the case
10 of any transaction to which the economic substance
11 doctrine is relevant, such transaction shall be treated
12 as having economic substance only if—

13 “(A) the transaction changes in a mean-
14 ingful way (apart from Federal income tax ef-
15 fects) the taxpayer’s economic position, and

16 “(B) the taxpayer has a substantial pur-
17 pose (apart from Federal income tax effects)
18 for entering into such transaction.

19 “(2) SPECIAL RULE WHERE TAXPAYER RELIES
20 ON PROFIT POTENTIAL.—

21 “(A) IN GENERAL.—The potential for
22 profit of a transaction shall be taken into ac-
23 count in determining whether the requirements
24 of subparagraphs (A) and (B) of paragraph (1)
25 are met with respect to the transaction only if
26 the present value of the reasonably expected

1 pre-tax profit from the transaction is substan-
2 tial in relation to the present value of the ex-
3 pected net tax benefits that would be allowed if
4 the transaction were respected.

5 “(B) TREATMENT OF FEES AND FOREIGN
6 TAXES.—Fees and other transaction expenses
7 and foreign taxes shall be taken into account as
8 expenses in determining pre-tax profit under
9 subparagraph (A).

10 “(3) STATE AND LOCAL TAX BENEFITS.—For
11 purposes of paragraph (1), any State or local income
12 tax effect which is related to a Federal income tax
13 effect shall be treated in the same manner as a Fed-
14 eral income tax effect.

15 “(4) FINANCIAL ACCOUNTING BENEFITS.—For
16 purposes of paragraph (1)(B), achieving a financial
17 accounting benefit shall not be taken into account as
18 a purpose for entering into a transaction if the ori-
19 gin of such financial accounting benefit is a reduc-
20 tion of Federal income tax.

21 “(5) DEFINITIONS AND SPECIAL RULES.—For
22 purposes of this subsection—

23 “(A) ECONOMIC SUBSTANCE DOCTRINE.—
24 The term ‘economic substance doctrine’ means
25 the common law doctrine under which tax bene-

1 fits under subtitle A with respect to a trans-
2 action are not allowable if the transaction does
3 not have economic substance or lacks a business
4 purpose.

5 “(B) EXCEPTION FOR PERSONAL TRANS-
6 ACTIONS OF INDIVIDUALS.—In the case of an
7 individual, paragraph (1) shall apply only to
8 transactions entered into in connection with a
9 trade or business or an activity engaged in for
10 the production of income.

11 “(C) OTHER COMMON LAW DOCTRINES
12 NOT AFFECTED.—Except as specifically pro-
13 vided in this subsection, the provisions of this
14 subsection shall not be construed as altering or
15 supplanting any other rule of law, and the re-
16 quirements of this subsection shall be construed
17 as being in addition to any such other rule of
18 law.

19 “(D) DETERMINATION OF APPLICATION OF
20 DOCTRINE NOT AFFECTED.—The determination
21 of whether the economic substance doctrine is
22 relevant to a transaction (or series of trans-
23 actions) shall be made in the same manner as
24 if this subsection had never been enacted.

1 “(6) REGULATIONS.—The Secretary shall pre-
2 scribe such regulations as may be necessary or ap-
3 propriate to carry out the purposes of this sub-
4 section.”.

5 (b) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to transactions entered into after
7 the date of the enactment of this Act.

8 **SEC. 226. PENALTIES FOR UNDERPAYMENTS.**

9 (a) PENALTY FOR UNDERPAYMENTS ATTRIBUTABLE
10 TO TRANSACTIONS LACKING ECONOMIC SUBSTANCE.—

11 (1) IN GENERAL.—Subsection (b) of section
12 6662 of the Internal Revenue Code of 1986 is
13 amended by inserting after paragraph (5) the fol-
14 lowing new paragraph:

15 “(6) Any disallowance of claimed tax benefits
16 by reason of a transaction lacking economic sub-
17 stance (within the meaning of section 7701(o)) or
18 failing to meet the requirements of any similar rule
19 of law.”.

20 (2) INCREASED PENALTY FOR NONDISCLOSED
21 TRANSACTIONS.—Section 6662 of such Code is
22 amended by adding at the end the following new
23 subsection:

24 “(i) INCREASE IN PENALTY IN CASE OF NONDIS-
25 CLOSED NONECONOMIC SUBSTANCE TRANSACTIONS.—

1 “(1) IN GENERAL.—In the case of any portion
2 of an underpayment which is attributable to one or
3 more nondisclosed noneconomic substance trans-
4 actions, subsection (a) shall be applied with respect
5 to such portion by substituting ‘40 percent’ for ‘20
6 percent’.

7 “(2) NONDISCLOSED NONECONOMIC SUB-
8 STANCE TRANSACTIONS.—For purposes of this sub-
9 section, the term ‘nondisclosed noneconomic sub-
10 stance transaction’ means any portion of a trans-
11 action described in subsection (b)(6) with respect to
12 which the relevant facts affecting the tax treatment
13 are not adequately disclosed in the return nor in a
14 statement attached to the return.

15 “(3) SPECIAL RULE FOR AMENDED RE-
16 TURNS.—Except as provided in regulations, in no
17 event shall any amendment or supplement to a re-
18 turn of tax be taken into account for purposes of
19 this subsection if the amendment or supplement is
20 filed after the earlier of the date the taxpayer is first
21 contacted by the Secretary regarding the examina-
22 tion of the return or such other date as is specified
23 by the Secretary.”.

1 (3) CONFORMING AMENDMENT.—Subparagraph
2 (B) of section 6662A(e)(2) of such Code is amend-
3 ed—

4 (A) by striking “section 6662(h)” and in-
5 serting “subsections (h) or (i) of section 6662”,
6 and

7 (B) by striking “GROSS VALUATION
8 MISSTATEMENT PENALTY” in the heading and
9 inserting “CERTAIN INCREASED UNDER-
10 PAYMENT PENALTIES”.

11 (b) REASONABLE CAUSE EXCEPTION NOT APPLICA-
12 BLE TO NONECONOMIC SUBSTANCE TRANSACTIONS, TAX
13 SHELTERS, AND CERTAIN LARGE OR PUBLICLY TRADED
14 PERSONS.—Subsection (c) of section 6664 of such Code
15 is amended—

16 (1) by redesignating paragraphs (2) and (3) as
17 paragraphs (3) and (4), respectively,

18 (2) by striking “paragraph (2)” in paragraph
19 (4), as so redesignated, and inserting “paragraph
20 (3)”, and

21 (3) by inserting after paragraph (1) the fol-
22 lowing new paragraph:

23 “(2) EXCEPTION.—Paragraph (1) shall not
24 apply to—

1 “(A) to any portion of an underpayment
2 which is attributable to one or more tax shelters
3 (as defined in section 6662(d)(2)(C)) or trans-
4 actions described in section 6662(b)(6), and

5 “(B) to any taxpayer if such taxpayer is a
6 specified person (as defined in section
7 6662(d)(2)(D)(ii)).”.

8 (c) APPLICATION OF PENALTY FOR ERRONEOUS
9 CLAIM FOR REFUND OR CREDIT TO NONECONOMIC SUB-
10 STANCE TRANSACTIONS.—Section 6676 of such Code is
11 amended by redesignating subsection (c) as subsection (d)
12 and inserting after subsection (b) the following new sub-
13 section:

14 “(c) NONECONOMIC SUBSTANCE TRANSACTIONS
15 TREATED AS LACKING REASONABLE BASIS.—For pur-
16 poses of this section, any excessive amount which is attrib-
17 utable to any transaction described in section 6662(b)(6)
18 shall not be treated as having a reasonable basis.”.

19 (d) SPECIAL UNDERSTATEMENT REDUCTION RULE
20 FOR CERTAIN LARGE OR PUBLICLY TRADED PERSONS.—

21 (1) IN GENERAL.—Paragraph (2) of section
22 6662(d) of such Code is amended by adding at the
23 end the following new subparagraph:

24 “(D) SPECIAL REDUCTION RULE FOR CER-
25 TAIN LARGE OR PUBLICLY TRADED PERSONS.—

1 “(i) IN GENERAL.—In the case of any
2 specified person—

3 “(I) subparagraph (B) shall not
4 apply, and

5 “(II) the amount of the under-
6 statement under subparagraph (A)
7 shall be reduced by that portion of the
8 understatement which is attributable
9 to any item with respect to which the
10 taxpayer has a reasonable belief that
11 the tax treatment of such item by the
12 taxpayer is more likely than not the
13 proper tax treatment of such item.

14 “(ii) SPECIFIED PERSON.—For pur-
15 poses of this subparagraph, the term ‘spec-
16 ified person’ means—

17 “(I) any person required to file
18 periodic or other reports under section
19 13 of the Securities Exchange Act of
20 1934, and

21 “(II) any corporation with gross
22 receipts in excess of \$100,000,000 for
23 the taxable year involved.

1 All persons treated as a single employer
2 under section 52(a) shall be treated as one
3 person for purposes of subclause (II).”.

4 (2) CONFORMING AMENDMENT.—Subparagraph
5 (C) of section 6662(d)(2) of such Code is amended
6 by striking “Subparagraph (B)” and inserting “Sub-
7 paragraphs (B) and (D)(i)(II)”.

8 (e) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to transactions entered into after
10 the date of the enactment of this Act.

11 **TITLE III—ADMINISTRATION**

12 **SEC. 301. PUBLIC ADMINISTRATION; APPOINTMENT OF DI- 13 RECTOR.**

14 (a) IN GENERAL.—Except as otherwise specifically
15 provided, this Act shall be administered by the Secretary
16 through a Director appointed by the Secretary.

17 (b) LONG-TERM CARE.—The Director shall appoint
18 a director for long-term care who shall be responsible for
19 administration of this Act and ensuring the availability
20 and accessibility of high quality long-term care services.

21 (c) MENTAL HEALTH.—The Director shall appoint a
22 director for mental health who shall be responsible for ad-
23 ministration of this Act and ensuring the availability and
24 accessibility of high quality mental health services.

1 **SEC. 302. OFFICE OF QUALITY CONTROL.**

2 The Director shall appoint a director for an Office
3 of Quality Control. Such director shall, after consultation
4 with state and regional directors, provide annual rec-
5 ommendations to Congress, the President, the Secretary,
6 and other Program officials on how to ensure the highest
7 quality health care service delivery. The director of the Of-
8 fice of Quality Control shall conduct an annual review on
9 the adequacy of medically necessary services, and shall
10 make recommendations of any proposed changes to the
11 Congress, the President, the Secretary, and other Medi-
12 care for All Program officials.

13 **SEC. 303. REGIONAL AND STATE ADMINISTRATION; EM-**
14 **PLOYMENT OF DISPLACED CLERICAL WORK-**
15 **ERS.**

16 (a) ESTABLISHMENT OF MEDICARE FOR ALL PRO-
17 GRAM REGIONAL OFFICES.—The Secretary shall establish
18 and maintain Medicare for All regional offices for the pur-
19 pose of distributing funds to providers of care. Whenever
20 possible, the Secretary should incorporate pre-existing
21 Medicare infrastructure for this purpose.

22 (b) APPOINTMENT OF REGIONAL AND STATE DIREC-
23 TORS.—In each such regional office there shall be—

24 (1) one regional director appointed by the Di-
25 rector; and

1 (2) for each State in the region, a deputy direc-
2 tor (in this Act referred to as a “State Director”)
3 appointed by the governor of that State.

4 (c) REGIONAL OFFICE DUTIES.—Regional offices of
5 the Program shall be responsible for—

6 (1) coordinating funding to health care pro-
7 viders and physicians; and

8 (2) coordinating billing and reimbursements
9 with physicians and health care providers through a
10 State-based reimbursement system.

11 (d) STATE DIRECTOR’S DUTIES.—Each State Direc-
12 tor shall be responsible for the following duties:

13 (1) Providing an annual state health care needs
14 assessment report to the National Board of Uni-
15 versal Quality and Access, and the regional board,
16 after a thorough examination of health needs, in
17 consultation with public health officials, clinicians,
18 patients, and patient advocates.

19 (2) Health planning, including oversight of the
20 placement of new hospitals, clinics, and other health
21 care delivery facilities.

22 (3) Health planning, including oversight of the
23 purchase and placement of new health equipment to
24 ensure timely access to care and to avoid dupli-
25 cation.

1 (4) Submitting global budgets to the regional
2 director.

3 (5) Recommending changes in provider reim-
4 bursement or payment for delivery of health services
5 in the State.

6 (6) Establishing a quality assurance mechanism
7 in the State in order to minimize both under utiliza-
8 tion and over utilization and to assure that all pro-
9 viders meet high quality standards.

10 (7) Reviewing program disbursements on a
11 quarterly basis and recommending needed adjust-
12 ments in fee schedules needed to achieve budgetary
13 targets and assure adequate access to needed care.

14 (e) FIRST PRIORITY IN RETRAINING AND JOB
15 PLACEMENT; 2 YEARS OF SALARY PARITY BENEFITS.—

16 The Program shall provide that clerical, administrative,
17 and billing personnel in insurance companies, doctors of-
18 fices, hospitals, nursing facilities, and other facilities
19 whose jobs are eliminated due to reduced administration—

20 (1) should have first priority in retraining and
21 job placement in the new system; and

22 (2) shall be eligible to receive two years of
23 Medicare for All employment transition benefits with
24 each year's benefit equal to salary earned during the

1 last 12 months of employment, but shall not exceed
2 \$100,000 per year.

3 (f) ESTABLISHMENT OF MEDICARE FOR ALL EM-
4 PLOYMENT TRANSITION FUND.—The Secretary shall es-
5 tablish a trust fund from which expenditures shall be
6 made to recipients of the benefits allocated in subsection
7 (e).

8 (g) ANNUAL APPROPRIATIONS TO MEDICARE FOR
9 ALL EMPLOYMENT TRANSITION FUND.—Sums are au-
10 thorized to be appropriated annually as needed to fund
11 the Medicare for All Employment Transition Benefits.

12 (h) RETENTION OF RIGHT TO UNEMPLOYMENT BEN-
13 EFITS.—Nothing in this section shall be interpreted as a
14 waiver of Medicare for All Employment Transition benefit
15 recipients' right to receive Federal and State unemploy-
16 ment benefits.

17 **SEC. 304. CONFIDENTIAL ELECTRONIC PATIENT RECORD**
18 **SYSTEM.**

19 (a) IN GENERAL.—The Secretary shall create a
20 standardized, confidential electronic patient record system
21 in accordance with laws and regulations to maintain accu-
22 rate patient records and to simplify the billing process,
23 thereby reducing medical errors and bureaucracy.

24 (b) PATIENT OPTION.—Notwithstanding that all bill-
25 ing shall be preformed electronically, patients shall have

1 the option of keeping any portion of their medical records
2 separate from their electronic medical record.

3 **SEC. 305. NATIONAL BOARD OF UNIVERSAL QUALITY AND**
4 **ACCESS.**

5 (a) ESTABLISHMENT.—

6 (1) IN GENERAL.—There is established a Na-
7 tional Board of Universal Quality and Access (in
8 this section referred to as the “Board”) consisting
9 of 15 members appointed by the President, by and
10 with the advice and consent of the Senate.

11 (2) QUALIFICATIONS.—The appointed members
12 of the Board shall include at least one of each of the
13 following:

14 (A) Health care professionals.

15 (B) Representatives of institutional pro-
16 viders of health care.

17 (C) Representatives of health care advo-
18 cacy groups.

19 (D) Representatives of labor unions.

20 (E) Citizen patient advocates.

21 (3) TERMS.—Each member shall be appointed
22 for a term of 6 years, except that the President shall
23 stagger the terms of members initially appointed so
24 that the term of no more than 3 members expires
25 in any year.

1 (4) PROHIBITION ON CONFLICTS OF INTER-
2 EST.—No member of the Board shall have a finan-
3 cial conflict of interest with the duties before the
4 Board.

5 (b) DUTIES.—

6 (1) IN GENERAL.—The Board shall meet at
7 least twice per year and shall advise the Secretary
8 and the Director on a regular basis to ensure qual-
9 ity, access, and affordability.

10 (2) SPECIFIC ISSUES.—The Board shall specifi-
11 cally address the following issues:

12 (A) Access to care.

13 (B) Quality improvement.

14 (C) Efficiency of administration.

15 (D) Adequacy of budget and funding.

16 (E) Appropriateness of reimbursement lev-
17 els of physicians and other providers.

18 (F) Capital expenditure needs.

19 (G) Long-term care.

20 (H) Mental health and substance abuse
21 services.

22 (I) Staffing levels and working conditions
23 in health care delivery facilities.

24 (3) ESTABLISHMENT OF UNIVERSAL, BEST
25 QUALITY STANDARD OF CARE.—The Board shall

1 specifically establish a universal, best quality of
2 standard of care with respect to—

3 (A) appropriate staffing levels;

4 (B) appropriate medical technology;

5 (C) design and scope of work in the health
6 workplace;

7 (D) best practices; and

8 (E) salary level and working conditions of
9 physicians, clinicians, nurses, other medical pro-
10 fessionals, and appropriate support staff.

11 (4) TWICE-A-YEAR REPORT.—The Board shall
12 report its recommendations twice each year to the
13 Secretary, the Director, Congress, and the Presi-
14 dent.

15 (c) COMPENSATION, ETC.—The following provisions
16 of section 1805 of the Social Security Act shall apply to
17 the Board in the same manner as they apply to the Medi-
18 care Payment Assessment Commission (except that any
19 reference to the Commission or the Comptroller General
20 shall be treated as references to the Board and the Sec-
21 retary, respectively):

22 (1) Subsection (c)(4) (relating to compensation
23 of Board members).

24 (2) Subsection (c)(5) (relating to chairman and
25 vice chairman).

1 (3) Subsection (c)(6) (relating to meetings).

2 (4) Subsection (d) (relating to director and
3 staff; experts and consultants).

4 (5) Subsection (e) (relating to powers).

5 **TITLE IV—ADDITIONAL**
6 **PROVISIONS**

7 **SEC. 401. TREATMENT OF VA AND IHS HEALTH PROGRAMS.**

8 (a) VA HEALTH PROGRAMS.—This Act provides for
9 health programs of the Department of Veterans' Affairs
10 to initially remain independent for the 10-year period that
11 begins on the date of the establishment of the Medicare
12 for All Program. After such 10-year period, the Congress
13 shall reevaluate whether such programs shall remain inde-
14 pendent or be integrated into the Medicare for All Pro-
15 gram.

16 (b) INDIAN HEALTH SERVICE PROGRAMS.—This Act
17 provides for health programs of the Indian Health Service
18 to initially remain independent for the 5-year period that
19 begins on the date of the establishment of the Medicare
20 for All Program, after which such programs shall be inte-
21 grated into the Medicare for All Program.

22 **SEC. 402. PUBLIC HEALTH AND PREVENTION.**

23 It is the intent of this Act that the Program at all
24 times stress the importance of good public health through
25 the prevention of diseases.

1 **SEC. 403. REDUCTION IN HEALTH DISPARITIES.**

2 It is the intent of this Act to reduce health disparities
3 by race, ethnicity, income and geographic region, and to
4 provide high quality, cost-effective, culturally appropriate
5 care to all individuals regardless of race, ethnicity, sexual
6 orientation, or language.

7 **TITLE V—GENERAL EFFECTIVE**
8 **DATE**

9 **SEC. 501. EFFECTIVE DATE.**

10 Except as otherwise specifically provided, this Act
11 shall take effect on January 1, 2013, and shall apply to
12 items and services furnished on or after such date.

13 **TITLE VI—[INSERT HERE TITLES**
14 **I-IV OF DIVISION C OF HR 3200**
15 **AS REPORTED BY COM-**
16 **MITTEE ON ENERGY AND**
17 **COMMERCE]**



