To establish a United States Health Service to provide high quality comprehensive health care for all Americans and to overcome the deficiencies in the present system of health care delivery.

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2005

Ms. Lee introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Education and the Workforce and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish a United States Health Service to provide high quality comprehensive health care for all Americans and to overcome the deficiencies in the present system of health care delivery.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3
4 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.
5 (a) Short Title.—This Act may be cited as the
6 “Josephine Butler United States Health Service Act”.
7 (b) Table of Contents.—The table of contents of
8 this Act is as follows:
Sec. 1. Short title; table of contents.
Sec. 2. Findings.
Sec. 3. Purposes.
Sec. 4. Definitions.

TITLE I—ESTABLISHMENT AND OPERATION OF THE UNITED STATES HEALTH SERVICE

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Subtitle C—Employment and Labor-Management Relations Within the Service

Sec. 321. Employment, transfer, promotion, and receipt of fees.
Sec. 322. Applicability of laws relating to Federal employees.
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TITLE IV—OTHER FUNCTIONS OF HEALTH BOARDS

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Sec. 412. Community occupational safety and health activities.
Sec. 413. Workplace health facilities.
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Subtitle C—Health and Health Care Delivery Research, Quality Assurance, and Health Equity

Sec. 421. Principles and guidelines for research.
Sec. 422. Establishment of institutes.

Subtitle D—Health Planning, Distribution of Drugs and Other Medical Supplies, and Miscellaneous Functions

Sec. 431. Health planning and budgeting.
Sec. 432. Distribution of drugs and other medical supplies.
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TITLE V—FINANCING OF THE SERVICE

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Sec. 501. Individual and corporate income taxes.
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Subtitle C—Preparation of Plans and Budgets

Sec. 521. Determination of fund availability.
Sec. 522. Preparation of regional budgets.

Subtitle D—Allocation and Distribution of Funds

Sec. 531. National budget.
Sec. 532. Special operating expense fund.
Sec. 533. Distribution of funds.
Sec. 534. Annual statement, records, and audits.

Subtitle E—General Provisions

Sec. 541. Issuance of obligations.
Sec. 542. Definitions.
SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) The health of the Nation’s people is a foundation of their well-being.

(2) High quality health care is a right of all people.

(3) Many of the Nation’s people are unable fully to exercise this right because of the inability of the present health care delivery system to make high quality health care available to all individuals regardless of race, sex, age, national origin, income, marital status, sexual orientation, religion, political belief, place of residence, employment status, or previous health status.

(4) The present health care system has failed to provide financial coverage for health care services for more than forty million Americans, and the percent lacking such coverage grows each year.

(5) The present health care system has failed to provide for sufficient effective preventive measures that would address the deterioration in occupational,
environmental, and social conditions affecting the health of the people of this Nation.

(6) Unnecessary and excessive profits and administrative expenses have inflated the cost of health care.

(7) The growth of for profit medical care and for profit managed care is making it difficult for health care personnel to provide, and users to receive, the full range of health services they believe to be necessary, appropriate, and desirable.

(8) The health professions have failed to control the cost of their services and the imbalance in the number of health workers among geographic areas or health care specialties.

(9) The present health care system has failed to make full and efficient use of allied health workers.

(10) A United States Health Service is the best means to implement the right to high quality health care and to overcome the deficiencies in the present health care delivery system.

SEC. 3. PURPOSES.

The purposes of this Act are as follows:

(1) To create a United States Health Service to provide without charge to all residents, regardless of race, sex, age, national origin, income, marital sta-
tus, sexual orientation, religion, political belief, place of residence, employment status, or previous health status, comprehensive health care services delivered by salaried health workers and emphasizing the promotion and maintenance of health as well as the treatment of illness.

(2) To establish representative and democratic governance of the Service.

(3) To provide health workers in the Service with fair and reasonable compensation, secure employment, opportunities for full and equal participation in the governance of health facilities, and opportunities for advancement without regard to race, sex, age, national origin, sexual orientation, religion, or political belief.

(4) To increase the availability and continuity of health care by linking local health care facilities to hospitals and specialized care facilities.

(5) To overcome present disparities in health and access to health care resources, especially for currently underserved innercity and rural populations, minority groups, prisoners, and occupational groups, by redistributing health care resources to underserved populations, and by enhancing public health and preventive health services.
(6) To finance the Service through progressive
taxation of individuals and employer contributions,
and to distribute these revenues on a capitation
basis, supplemented by allocations to meet special
health care needs.

SEC. 4. DEFINITIONS.

For the purposes of this Act, unless the context im-
plies otherwise:

(1) HEALTH CARE FACILITY.—The term
“health care facility” means an administrative unit
composed of specified staff, equipment, and premises
and established by a health board as an appropriate
unit of organization for the delivery of specified
health care or supplemental services under this Act.

(2) HEALTH WORKER.—The term “health
worker” includes—

(A) any employee of the Service; and

(B) any individual who for remuneration
delivers, administers any program in, provides
supporting services for, teaches the subject
matter of, or performs research in, health care
services.

(3) INDIRECT PROVIDER OF HEALTH CARE.—
The term “indirect provider of health care” means
an individual who—
(A) receives (either directly or through his or her spouse) more than $\frac{1}{10}$ of his or her gross annual income from any one or combination of—

(i) fees or other compensation for provision of, research into, or instruction in, the provision of health care,

(ii) entities engaged in the provision of health care or in such research or instruction,

(iii) producing or supplying drugs, medical equipment, or other articles for individuals or entities for use in the provision of or in research into or instruction in the provision of health care, or

(iv) entities engaged in producing drugs, medical equipment, or such other articles;

(B) holds a fiduciary position with, or has a fiduciary interest in, any entity described in clause (ii) or (iv) of subparagraph (A); or

(C) is engaged in issuing any policy or contract of individual or group health insurance or hospital or medical service benefits.
(4) **National Health Board.**—The term “National Health Board” means the National Health Board of the Service.

(5) **Service.**—The term “Service” means the United States Health Service established in section 101.

(6) **Service-related terms.**—

   (A) **Health care services.**—The term “health care services” means the services described in paragraphs (1) through (5) of section 213(a).

   (B) **Supplemental services.**—The term “supplemental services” means the services described in paragraphs (1), (2), and (3) of section 213(b).

(7) **User.**—The term “user” means an individual who is eligible under section 211 to receive health care services from the Service under this Act.

**TITLE I—ESTABLISHMENT AND OPERATION OF THE UNITED STATES HEALTH SERVICE**

**SEC. 101. ESTABLISHMENT OF THE SERVICE.**

(a) **In general.**—There is established, as an independent establishment of the executive branch of the United States, the United States Health Service.
(b) Authority.—

(1) National health board.—The authority of the Service shall be exercised by the National Health Board and, in accordance with this Act and guidelines established by such Board, by local and regional authorities affiliated with the Board.

(2) Eminent domain authority.—The Service shall have the authority, under the power of eminent domain, to acquire by condemnation under judicial process real estate for the Service for public purposes whenever it is necessary or advantageous to do so.

(c) Administration.—The Board shall implement administrative measures as necessary to assure the equitable distribution and allocation of health care resources and services.

(d) Accountability and control.—The Board shall establish mechanisms to assure accountable, representative and democratic governance of the Service and of health care facilities by health care users and workers, with limits on conflicts of interest as described in this Act.
SEC. 102. APPOINTMENT OF THE NATIONAL HEALTH BOARD.

The President shall, no later than 30 days after the date of the enactment of this Act, appoint 21 individuals—

(1) who are 18 years of age or older;

(2) who are concerned about the health care problems of the Nation;

(3) who approximate the Nation’s population by race, sex, income, language, and region of residence, and approximate the percentage of rural and frontier populations; and

(4) no more than seven of whom are or have been health workers, indirect providers of health care, or members of the immediate family of such workers or indirect providers within 24 months of the date of such nomination, to serve as members of the National Health Board of the Service.

SEC. 103. POWERS AND DUTIES OF THE NATIONAL HEALTH BOARD.

The National Health Board shall—

(1) establish the boundaries of health care delivery regions, in accordance with section 107;

(2) establish procedures for creating local and regional authorities within each health care delivery region, to oversee and administer the delivery of
health services, pursuant to section 104, and other provisions of this Act in their respective regions and local areas;

(3) carry out such duties of the National Health Board as it deems necessary and consistent with the timetable given under this Act and the purposes of the Service; and

(4) provide for the recording of minutes of each of its meetings, and shall make such records available to the public for inspection and copying.

SEC. 104. REPRESENTATION IN LOCAL AND REGIONAL AUTHORITIES.

The governing bodies of the local and regional authorities created pursuant to section 103(b) shall consist of representatives of users resident in their local area or region and representatives of health workers employed by the Service in their local area or region. Representatives of such users shall comprise the majority of such representatives and representatives of such health workers shall comprise a minority.

SEC. 105. PUBLIC ACCOUNTABILITY AND FINANCIAL DISCLOSURE.

(a) Prohibition of Conflicts of Interest.—

(1) In general.—Individuals with direct or indirect conflicts of interest shall not serve on health
boards or authorities. Subject to paragraph (2), such conflicts may consist of ownership of, employment in, or other financial affiliation with any industry in a position to profit or otherwise benefit from the activities of the health board.

(2) EXCEPTION.—Paragraph (1) shall not apply to employment as a health worker by the Service as specified in this Act.

(b) DISCLOSURE.—Candidates for health boards or authorities shall fully disclose any such potential conflicts of interest, and if elected or appointed shall sever any affiliations that could result in a conflict.

SEC. 106. INSPECTOR GENERAL FOR HEALTH SERVICES.

Within the United States Health Service there shall be an Office of the Inspector General for Health Services, to be headed by an Inspector General for Health Services, that shall have authority to ensure the effective operation of the services pursuant to this Act and to investigate and pursue any grievances against the National Health Board or its local authorities. The Inspector General shall have the same authority as an Inspector General has under the Inspector General Act of 1978.
SEC. 107. ESTABLISHMENT OF HEALTH CARE DELIVERY REGIONS.

(a) Establishment of Health Care Delivery Regions.—No later than 6 months after the appointment of members of the National Health Board, such Board shall establish, in accordance with this section, health care delivery regions throughout the United States.

(b) Requirements for Delivery Regions.—Each health care delivery region shall meet the following requirements:

1. The region shall be a contiguous geographic area appropriate for the effective governance, planning, and delivery of all health care and supplemental services under this Act for residents of the region.

2. The region shall have a population of not less than 500,000 and of not more than 3,000,000 individuals, except that—

   (A) the population of a region may be more than 3,000,000 if the region includes a standard metropolitan statistical area (as determined by the Office of Management and Budget) with a population of more than 3,000,000; and

   (B) the population of a region may be less than 500,000 if the National Health Board de-
termines that this is necessary to facilitate the
delivery of health care and supplemental serv-
ices or the effective governance of the health
program within such region.

A region under subparagraph (B) may be a sparsely
populated frontier area which consists of a very
large or multi-state geographic area.

(3) The boundaries of each region shall take
into account—

(A) any economic or geographic barrier to
the receipt of health care and supplemental
services in nonmetropolitan areas, and

(B) the differences in needs between non-
metropolitan and metropolitan areas in the
planning, development, and delivery of health
care and supplemental services.

(c) MODIFICATION OF BOUNDARIES.—The National
Health Board shall review the boundaries of regions no
later than 2 years after each decennial national census,
or upon receipt of and at such other times as it deems
necessary, and may modify the boundary of any region
in which there has been a substantial shift of population
justifying such modification or if such modification would
better carry out the purposes of this Act, and if such modi-
fication is approved in a referendum of residents in an
area whose regional identification would be changed by making such modification.

(d) Process.—At least 60 days prior to the establishment of the boundaries of any region, or modification of the boundaries, the National Health Board shall collaborate with its regional authorities to provide for—

(1) notice in the area which would be affected by the establishment of such boundaries of the boundaries proposed to be established, and of the date, time, and location of the public hearing on such establishment as provided in paragraph (2); and

(2) a public hearing at which individuals can speak or present written statements relating to the establishment of such boundaries.

TITLE II—DELIVERY OF HEALTH CARE AND SUPPLEMENTAL SERVICES

Subtitle A—Patients’ Rights in Health Care Delivery

SEC. 201. BASIC HEALTH RIGHTS.

The Service, in its delivery of health care services to users, shall ensure that every such individual is given the following basic health rights:
(1) The right to receive high quality health care and supplemental services from any facility within the Service capable of providing such services without charge and without discrimination on account of race, sex, age, religion, language, income, marital status, sexual orientation, dress, or previous health status.

(2) The right to humane, respectful, dignified, and comforting health care, and to the reduction of pain and distressful symptoms.

(3) The right to have all medically necessary or appropriate health services delivered in a convenient and timely manner. Any decision to deny or postpone such necessary or appropriate care shall be made only on the basis of temporary and reasonable limitations in the availability of service personnel and physical facilities. Users shall have the opportunity for timely and effective appeal of any decision to deny or postpone care.

(4) The right to choose the health workers who shall be responsible for, and the health facilities in which to receive, the individual’s health care services.

(5) The right of access to all information, including the individual’s health records and the med-
ical dictionary produced under section 433(b), which promotes an understanding of health.

(6) The right to have all health care information, reports, and educational materials translated into the individual’s primary language.

(7) The right to receive, prior to the delivery of any health care service, a careful, prompt, and intelligible—

(A) explanation of the indications, diagnoses, benefits, side effects, and risks involved in the delivery of such service, and a description of all medically necessary or appropriate alternatives to such service (including no treatment);

(B) answer to any question relating to such health care service; and

(C) explanation of one’s health rights described in this subtitle, and the right to have such health care service delivered only with the individual’s prior, voluntary, written consent.

(8) The right to refuse the initial or continuing delivery of any health care service whenever such refusal does not directly endanger the public health or, in accordance with State law, the health of the individual if the individual is dangerous to himself or herself.
(9) The right to have all individually identifiable information and documents treated confidentially and not disclosed (except for statistical purposes and for the control of communicable diseases, drug abuse, and child abuse) without the individual’s prior, voluntary, and written consent.

(10) The right of access at all times to individuals or groups for counseling, health information, and assistance on health matters, including access to user advocates who shall—

(A) assist users in choosing the most appropriate sites from which to receive health services and the most appropriate health workers from whom to receive such services;

(B) provide counseling and assistance to users in filing complaints; and

(C) investigate instances of poor quality services or improper treatment of users and bring such instances to the attention of the applicable authority.

(11) The right to be accompanied and visited at any time by a friend, relative, or independent advocate of the individual’s choosing, and the right to have routine services, such as feeding, bathing,
dressing, and bedding changes, performed by a
friend or relative, if the individual so chooses.

(12) The right, in the event of terminal illness,
to die with a maximum degree of dignity, to be pro-
vided all necessary symptom relief, to be provided
(and for the individual’s family to be provided) coun-
seling and comfort, and to be allowed (if desired) to
die at home.

(13) The right of access to a complaint and
grievance system and to legal assistance to enforce
these rights.

SEC. 202. RIGHT TO PAID LEAVE TO RECEIVE HEALTH
CARE SERVICES.

(a) Amendment to Fair Labor Standards
Act.—The Fair Labor Standards Act of 1938 is amended
by inserting after section 7 (29 U.S.C. 207) the following
new section:

“MINIMUM HEALTH LEAVE COMPENSATION

“Sec. 7A. Each employee of any employer who in any
workweek is engaged in commerce or in the production
of goods for commerce, or is employed in an enterprise
engaged in commerce or in the production of goods for
commerce, shall be entitled to receive from the employer,
for each 35 hours he is employed by the employer (not
counting more than 35 hours in any workweek), com-
pensation for one hour of employment at the regular rate
at which the employee is employed (as that term is used in section 7 of this Act) for an hour—

“(1) during the period of 52 weeks beginning with the workweek with which the entitlement is earned, and

“(2) during which the employee is unable to work because of the need for the employee (or a dependent of that employee) to receive necessary health care services.”.

(b) CONFORMING AMENDMENTS.—The Fair Labor Standards Act of 1938 is further amended—

(1) in section 3(o), by striking “sections 6 and 7” and inserting “sections 6, 7, and 7A”;  

(2) in section 13—

(A) by striking “and 7” in subsection (a) before paragraph (1) and inserting “, 7, and 7A”;

(B) by striking “sections 6 and 7” in subsection (a)(3) and inserting “sections 6, 7, and 7A”; and

(C) by inserting “7A,” in subsections (d) and (f) after “7,” each place it appears;

(3) in section 14(d), by striking “6 and 7” and inserting “6, 7, and 7A”;
(4) in section 15(a), by striking “section 6 or section 7” and inserting “section 6, 7, or 7A”;

(5) in section 16—

(A) by striking “section 6 or section 7” in subsection (b) and inserting “section 6, 7, or 7A”;

(B) by striking “or their unpaid overtime compensation” in subsection (b) and inserting “their unpaid overtime compensation, or their unpaid health leave compensation”;

(C) by inserting “or of unpaid health leave compensation” in subsection (b) after “amount of unpaid overtime compensation”;

(D) by striking “section 6 or 7” in the first sentence of subsection (c) and inserting “section 6, 7, or 7A”;

(E) by striking “unpaid overtime compensation” in the first sentence of subsection (c) and inserting “, unpaid overtime compensation, or unpaid health leave compensation”;

(F) by striking “or overtime compensation” in the second sentence of subsection (c) and inserting “, overtime compensation, or health leave compensation”; and
(G) by striking “or unpaid overtime compensation under sections 6 and 7” in the third sentence of subsection (e) and inserting “, unpaid overtime compensation, or unpaid health leave compensation under sections 6, 7, and 7A”; and

(6) in section 18—

(A) by inserting “or minimum health leave compensation higher than the minimum health leave compensation established under this Act’’ in the first sentence of subsection (a) before “, and no provision”; and

(B) by inserting “, or justify any employer in reducing health leave compensation provided by him which is in excess of the applicable minimum health leave compensation under this Act’’ before the period at the end of the second sentence of subsection (a).

Subtitle B—Eligibility for, Nature of, and Scope of Services Provided by the Service

SEC. 211. ELIGIBILITY FOR SERVICES.

(a) IN GENERAL.—All individuals while within the United States are eligible to receive health care and supplemental services under this Act.
(b) UNITED STATES DEFINED.—For purposes of this section, the term “United States” includes Indian reservations, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, Samoa, and the Northern Mariana Islands.

SEC. 212. ENTITLEMENT TO SERVICES.

(a) IN GENERAL.—Except as provided in subsection (b), the Service shall, on and after the effective date of health services, provide users with all health care services and supplemental services described in section 213 which the Service determines, in accordance with this title, to be necessary or appropriate for the promotion and enhancement of health, for the prevention of disease, and for the diagnosis and treatment of, and rehabilitation following, injury, disability, or disease.

(b) EXCLUSION.—Services provided under this Act shall not include personal comfort or cosmetic services unless the National Health Board or its designee determines that the services are required for health-related reasons.

SEC. 213. PROVISION OF HEALTH CARE AND SUPPLEMENTAL SERVICES.

(a) IN GENERAL.—The Service shall provide in the United States the following health care services in or through facilities established by the Service—
(1) the promotion of health and well-being through health education programs to be carried out in facilities of the Service as well as in workplaces, schools, and elsewhere utilizing all appropriate media, and by assisting other Government agencies in taking appropriate actions to promote health and well-being;

(2) the prevention of illness, injury, and death through education and advocacy addressed to the social, occupational, and environmental causes of ill health; through the provision of appropriate preventive services including social, medical, occupational, and environmental health services, on both an emergency and sustained basis; through screening and other early detection programs to identify and ameliorate the primary causes of ill health; and, where appropriate, through actions taken on an emergency basis to halt environmental threats to life and health;

(3) the diagnosis and treatment of illness and injury, including emergency medical services, comprehensive outpatient and inpatient health care services, occupational health services, mental health services, dental care, vision care, long-term care, and home health services;
(4) the rehabilitation of the sick and disabled, including physical, psychological, occupational, and other specialized therapies; and

(5) the provision of drugs, therapeutic devices, appliances, equipment, and other medical supplies (including eyeglasses, other visual aids, dental aids, hearing aids, and prosthetic devices) certified effective in the National Pharmacy and Medical Supply Formulary (published under section 432(a)) and furnished or prescribed by authorized health workers.

(b) Supplemental Services.—The Service shall provide the following services supplemental to the delivery of health care services in or through health care facilities established by the Service—

(1) ambulance and other transportation services to insure ready and timely access to necessary health care;

(2) child care services for individuals who, during the time they receive outpatient health care services from the Service or are working in a health care facility of the Service, are responsible for a child’s care;

(3) homemaking and home health services—

(A) to enable the provision of inpatient health services at a health care facility of the
Service to an individual who has the sole responsibility for the care

(i) of a child under 15 years of age,

or

(ii) of a physically or mentally handicapped individual who requires the care of

another individual, and

(B) for the bedfast or severely handicapped

individual; and

(4) such counseling and social service assistance as will avoid the unnecessary provision of health care services.

(e) LOCAL PUBLIC HEALTH SERVICES.—The Service shall maintain the functions, especially those related to environmental health and the prevention of illness, currently performed by the departments of health of the States and localities, to the extent consistent with Federal, State, and local law, and shall cooperate with State and local governments in its conduct of such functions.

(d) EMERGENCY HEALTH CARE SERVICES.—The Service shall provide, at rates established by the National Health Board, for reimbursement of the cost of emergency health care services furnished in facilities not operated by the Service or by health workers not employed by the Service, when an injury or acute illness requires immediate
medical attention under circumstances making it medically impractical for the ill or injured individual to receive care in a Service facility or by an employee of the Service.

Subtitle C—Health Care Facilities and Delivery of Health Care Services

SEC. 221. ESTABLISHMENT OF HEALTH CARE FACILITIES AND DISTRIBUTION OF DELIVERY OF HEALTH CARE AND OTHER SERVICES.

(a) Health Service Areas.—The National Health Board, in consultation with local authorities and residents of the local communities affected, shall establish such health care facilities as are necessary to provide all necessary comprehensive primary and specialized health care services, including distributing such health care resources in a manner as to overcome present shortages and ensure equitable access for every resident to needed health care resources. In establishing such facilities, the National Health Board shall rely primarily on existing political boundaries for the purposes of allocating health services, including cities, counties, perinatal services regions, States, and Federal Medicare regions, and shall determine the need to establish additional or supplementary regional health service areas that may cross existing boundaries.

(b) Health Care Facilities.—
(1) IN GENERAL.—The National Health Board and its local authorities shall, not later than the effective date of health services and to the maximum extent feasible, establish and maintain such health care facilities as are necessary for the efficient and effective delivery to individuals of comprehensive primary health care services (defined in paragraph (2)), specialized health care services (defined in paragraph (3)), special services (defined in paragraph (4)) and community-oriented health measures (defined in paragraph (5)). Such health care facilities shall be established and maintained in a manner that, as soon as possible and to the greatest extent feasible, provides services in each community through a single comprehensive health center.

(2) COMPREHENSIVE PRIMARY HEALTH CARE SERVICES DEFINED.—As used in paragraph (1), the term “comprehensive primary health care services” means those basic outpatient health care services typically needed for the promotion of health and the prevention and treatment of common illnesses and includes the following health care services—

(A) general primary medical and dental care, including diagnosis and treatment, routine physical examinations, laboratory, and
radiologic services, and home visits by health workers, as appropriate;

(B) preventive health services, including at least immunizations, nutrition counseling and consultation, and periodic screening and assessment services;

(C) children’s health services, including assessment of growth and development, education and counseling on childrearing and child development, and school and day care center health services;

(D) obstetrical and gynecological services, including family planning and contraceptive services, pregnancy (prenatal and postnatal) and abortion counseling and services;

(E) comprehensive geriatric services;

(F) vision and hearing examinations and provision of eyeglasses and other visual aids and hearing aids;

(G) 24-hour emergency medical services;

(H) provision of pharmaceuticals and therapeutic devices, and medical appliances and equipment;

(I) mental health services, including psychological and psychiatric counseling;
(J) home health services; and

(K) occupational safety and health services, including screening, diagnosis, treatment, and education.

(3) Specialized health care services defined.—As used in paragraph (1), the term “specialized health care services” means those health care services of a specialized nature (whether delivered in an inpatient or outpatient setting) which, applying guidelines established by the National Health Board, may be provided most effectively and efficiently in a community setting.

(4) Special services defined.—As used in paragraph (1), the term “special services” means supportive services and the facilities (including nursing homes and multiservice centers) in which such services are provided for individuals who are physically or mentally handicapped, mentally ill, infirm, or chronically ill, so as to promote the integration and functioning of such individuals within the community.

(5) Community-oriented health measures defined.—As used in paragraph (1), the term “community-oriented health measures” includes efforts to focus organized community activities upon
the promotion of health and the prevention of illness
and injury, support for self-help and mutual aid
groups offering health promotion and rehabilitative
support programs; surveillance of potential threats
to community health, and prompt action to protect
against such threats, and includes outreach efforts
to ensure that all residents are aware of and able to
utilize the health services of the Service, as needed.

(b) ALLOCATION OF HOSPITALS.—The National
Health Board, in consultation with its local authorities,
shall periodically determine the necessity to establish and
maintain inpatient and other specialized health care facili-
ties in particular locations. Where found appropriate, it
shall establish and maintain—

(1) general hospitals for the efficient and effect-
tive delivery of health care services to individuals re-
quiring inpatient diagnosis, treatment, care, and re-
habilitation for injury or illness; and

(2) such other health care facilities as are nec-
essary, using guidelines established by the National
Health Board to promote the efficient and effective
delivery of health care services.

In addition, the Board shall distribute and provide such
health care services of a specialized nature (whether deliv-
ered in an inpatient or outpatient setting) as may be pro-
vided most effectively and efficiently.

(c) SPECIALIZED SERVICES.—The Board shall, not
later than the effective date of health services, establish
and maintain—

(1) specialized medical facilities for the efficient
and effective delivery of highly specialized health
care services, using guidelines it shall establish, to
individuals requiring highly specialized treatment,
care, and rehabilitation for injury or illness;

(2) health care and supplemental services for
individuals whose health care are related to occupa-
tional or other factors, including individuals residing
within a region on a temporary or seasonal basis (in-
cluding migratory agricultural workers) and individ-
uals confined to prisons and other correctional insti-
tutions; and

(3) such other health care facilities as are nec-
essary to promote the efficient and effective delivery
of health care services.

(d) HEALTH SERVICES.—States and the National
Health Board, through its local and regional authorities,
shall provide the following through health care facilities
established pursuant to this section:
(1) Health promotion through education on personal health matters, nutrition, the avoidance of illness, and the effective use of health care services with particular emphasis on the appropriate and safe use (discouraging the overuse) of drugs and medical techniques.

(2) Maintenance and appropriate transmission and transferal of personal health records for each user of the services consistent with section 201(9).

(3) Referral services, including referrals, where appropriate, to other health care facilities.

(4) Supplemental services (described in section 213(b)), as appropriate.

(5) Assistance to individuals who, because of language or cultural differences or educational or other handicaps, are unable fully to utilize the services available from and delivered by the Board.

(6) Information (A) on the rights ensured under this Act, (B) on the guidelines and standards established by the Board, and (C) on how the Board is implementing such rights and applying such guidelines and standards.

(7) Information on the grievance mechanisms established pursuant to subtitle A of title IV and on
legal services available to pursue grievances against
the Board.

(8) Environmental health inspection and moni-
toring services, including investigations relating to
the prevention of communicable diseases, in coopera-
tion with State and local authorities.

(9) Research and data gathering on the leading
causes of ill health and injury and on health care de-
delivery, in accordance with section 421.

(10) In the case of each inpatient health care
facility, discharge planning and followup services (A)
to identify patients who will need continuing care
after discharge from the facility and (B) to plan,
with the patient and the patient’s family, arrange-
ments and referrals to meet such postdischarge
needs.

(e) AUTHORITIES.—

(1) Effective delivery.—In its establish-
ment of health care facilities, the National Health
Board shall seek to minimize fragmentation and du-
plication in delivery of health care and other services
so as to promote the effective and efficient delivery
of such services.
(2) COORDINATION.—The Board shall provide mechanisms to coordinate care across political and geographic boundaries as necessary.

(3) ASSURING AVAILABILITY AND ACCESSIBILITY OF SERVICES.—The Board shall take whatever additional steps are necessary to ensure that all of the health services required under this title are available and accessible in a timely manner to adults, infants, children, and individuals with disabilities in its region. Toward that end, it shall—

(A) ensure that users have access to a sufficient number of each category of health worker, including primary care providers, specialists, and other health care professionals, in a manner so that, to the maximum extent possible, such providers are geographically accessible to all residences and workplaces within the region and are culturally and linguistically appropriate;

(B) ensure that services are available in a manner which ensures continuity of care, availability within reasonable hours of operation, and include emergency and urgent care services which shall be accessible at all times;
(C) ensure that any process established to coordinate care shall ensure ongoing direct access to relevant specialists and shall not impose an undue burden on users with chronic health conditions;

(D) ensure that appropriate steps are taken to eliminate any transportation or other barriers to the timely receipt of services;

(E) ensure that a user who has a severe, complex, or chronic condition shall have access to the most appropriate health care coordinator (as defined in paragraph (4)(A)); and

(F) ensure that priorities in the use of services and facilities shall be set by the appropriate health care professionals using criteria of medical necessity and that any limitations or delay in access to services shall be based only on limits of available service personnel and physical facilities.

(4) DEFINITIONS.—For purposes of this subsection:

(A) HEALTH CARE COORDINATOR.—The “health care coordinator” means a health worker who performs case management (as defined in subparagraph (B)) functions in consultation
with the health care team, the patient, family, and community.

(B) CASE MANAGEMENT.—The term “case management” means a coordinated set of activities conducted for the management of an individual user’s serious, complicated, protracted or chronic health conditions in order to ensure cost-effective and benefit maximizing treatment.

(f) GUIDELINES.—The National Health Board shall establish guidelines for distribution and coordination of the delivery of health care and other services described in this section and shall, before the effective date of health services, plan and facilitate the transition to the new distribution of health care facilities and health workers to be effected on and after that date.

(g) USE OF EVIDENCE-BASED CLINICAL DECISION CRITERIA.—

(1) IN GENERAL.—The National Health Board shall authorize the National Institute of Evaluative Clinical Research described in section 422 to establish evidence-based clinical decision criteria, where feasible, that shall apply throughout the Nation.

(2) CLINICAL DECISION CRITERIA DEFINED.—For purposes of this section, the term “clinical decision criteria” means the recorded (written or other-
wise) screening procedures, decision abstracts, clinical protocols, and practice guidelines used as an important basis to determine the necessity and appropriateness of health care services, in combination with the facts of particular cases, the judgment of health care professionals, and the preferences of users. Such criteria shall be clearly documented and available to all health workers and shall include a mechanism for periodically updating such criteria.

(h) NOTICE OF DETERMINATIONS.—The National Health Board, and its local and regional authorities, shall provide users with timely notice of any determination to provide, deny, or delay provision of a service, and information about the relevant clinical decision criteria upon which such determination is based, if any. Such notification shall include information concerning the appropriate procedure to appeal such decision.

(i) ACCOUNTABILITY.—In the case that the Health Service fails on the effective date of health services, to substantially and materially provide health care and supplemental services in accordance with this section, redress and alternative sources of care shall be authorized by an independent authority accountable to Congress and State legislatures. Such redress may include—

(1) requiring the provision of services; and
(2) providing reimbursement for the provision of specified health care services in accordance with procedures and schedules in effect under title XVIII of the Social Security Act immediately before the effective date of health services.

SEC. 222. OPERATION AND INSPECTION OF HEALTH CARE FACILITIES.

(a) Establishment of Policies.—

(1) In general.—Each health care facility shall be subject to policies and organizational plans consistent with this section and with parts A and C of title III (relating to the health labor force) for the operation of such facility and shall establish procedures to ensure that the facility is operated in accordance with such policies and plans.

(2) Health worker and user control.—The National Health Board and its regional and local authorities shall establish policies and mechanisms for control of health care facilities by health care workers who are employed in, and users who receive services from, the respective facility, and shall promulgate rules preventing a financial conflict of interest by decisionmaking bodies.

(b) Employment Restrictions.—
(1) **IN GENERAL.**—No individual entitled to make decisions regarding establishment, allocation, or operation of a health facility may engage in the private delivery of health care services.

(2) **PRIVATE DELIVERY OF HEALTH CARE SERVICES DEFINED.**—For the purposes of this subsection, the term “private delivery of health care services” means the delivery of health care services for which an individual, group, or organization receives remuneration from any source other than the Health Service Trust Fund established in section 511.

(c) **OPERATIONS OF HEALTH CARE FACILITIES.**—

(1) **HOURS OF OPERATION.**—Any health care facility which provides health care services on an outpatient basis shall be open during hours that will permit all users to make use of such services.

(2) **EFFECTIVE DELIVERY.**—In its establishment of health care facilities under this section, the Board shall seek to minimize fragmentation and duplication in delivery of health care and other services so as to promote the effective and efficient delivery of such services.
SEC. 223. PROVISION OF HEALTH SERVICES RELATING TO

REPRODUCTION AND CHILDBEARING.

(a) Provision of Services.—

(1) In general.—The following services shall be provided:

(A) Family planning.—

(i) Complete information on contraception and provision of birth control materials or medication of the individual’s choosing.

(ii) Complete and effective evaluation and treatment of sexually transmitted diseases and diseases of the reproductive organs.

(iii) Complete information and counseling with respect to pregnancy, childbearing, and possible outcomes involving genetically induced anomalies.

(B) Pregnancy.—

(i) Complete and effective pregnancy testing.

(ii) Prenatal services, including physical examination, counseling, and instruction of expectant parents in nutrition, childrearing, and children’s health care services.
(iii) Safe, comfortable, and convenient abortion services.

(iv) Counseling for women in conjunction with the provision of all gynecologic, female contraceptive, and abortion services and counseling for men on male fertility-related services.

(2) VOLUNTARY.—The services described in paragraph (1) shall be delivered without coercion or harassment, with complete confidentiality, and without prior approval of individuals other than the individual receiving the services.

(3) ACCOMPANIMENT.—An individual shall be permitted to be accompanied by a person of the individual’s choice during the provision of the services described in paragraph (1) to the extent this would not significantly increase the medical risk to the individual.

(b) VOLUNTARY CONSENT.—No health care provider may perform upon an individual a treatment or procedure (other than a treatment or procedure required to preserve the life of the individual) which could reasonably be expected to affect the individual’s capacity to reproduce children, unless—
(1) the individual has given voluntary written consent to the treatment or procedure after being given complete information on the effect of the treatment or procedure on the individual’s reproductive capacity, and on possible alternative treatments and procedures, at least 30 days before beginning the treatment or procedure, and

(2) the individual has, after such 30-day waiting period, again given written consent to the performance of the treatment or procedure, except that in the case of a woman who has given initial written consent to a sterilization she may be sterilized in less than 30 days following such consent (but in no case in less than 72 hours)—

(A) if she had given initial written consent at least 30 days before her anticipated delivery date, she delivers before the anticipated date, and the sterilization is performed at the time of delivery;

(B) if she undergoes emergency abdominal surgery within the 30-day waiting period and the sterilization is concurrent with the abdominal surgery; or

(C) in the case of an elective sterilization procedure, such as tubal ligation or vasectomy,
that is scheduled and performed separately from the act of childbirth, where prior informed consent is provided and the procedure is performed at the next subsequent or any later medical visit after informed consent is obtained.

(c) BREAST CANCER TREATMENT.—The National Health Board shall insure that, before a mastectomy or other breast cancer treatment is performed on a woman, the woman shall be provided with complete information on the complete range of medical options available for treatment of her condition and the risks and side effects of each option and an opportunity to consult individuals of her choice, and shall have given voluntary written consent to such procedure.

(d) BIRTHING OPTIONS.—The National Health Board shall provide that a woman giving birth to an infant shall have the right to choose from a complete range of childbirth options including—

(1) giving birth at home, in a birth center (if available), or in a hospital;

(2) the presence during childbirth of a person or persons of her choosing;

(3) the position for labor and delivery which she chooses;

(4) caring for her infant at her bedside;
(5) feeding her infant according to the method and schedule of her choice; and

(6) selecting the birth attendant of her own choice.

She shall be provided with information on the benefits, risks, and side effects of each option and an opportunity to consult individuals and groups of her choosing for information and assistance on these options.

**TITLE III—HEALTH LABOR FORCE**

**Subtitle A—Job Categories and Certification**

**SEC. 301. EFFECT OF STATE LAW.**

Notwithstanding any law of a State or political subdivision to the contrary, the Service, acting in accordance with the provisions of this Act, shall be the sole judge of the qualifications of its employees.

**SEC. 302. QUALIFICATIONS OF HEALTH WORKERS.**

(a) **CERTIFICATION OF COMPETENCE.**—The National Health Board shall establish procedures which will ensure that, except in emergency situations, any work which is classified under a job category established under this subtitle is performed by a health worker who at the time of such work was—
(1) certified (in accordance with this subtitle) as competent to perform the work under such job category, and

(2) authorized to perform such work by the employer of such worker.

(b) PERIODIC ASSESSMENTS.—There shall be periodic review and assessment of the competency of such workers to perform the work within their job category, and opportunities for health workers to be assessed and certified with respect to skills required for advancement to other job categories.

SEC. 303. ESTABLISHMENT OF JOB CATEGORIES AND CERTIFICATION STANDARDS.

(a) IN GENERAL.—

(1) CLASSIFICATION.—The National Health Board shall establish such guidelines for the classification, certification, and employment of health workers by job category as it determines to be necessary—

(A) to ensure that health workers who perform work for the Service which requires specialized skills have demonstrated that they possess such skills,

(B) to expand the roles of health workers to enable them to participate in health care de-
livery to the maximum extent consistent with
their skills, and

(C) to provide for affiliation of health
workers with health care facilities at the com-

munity, district, and regional levels.
These guidelines shall permit alternative approaches
to healing, and practitioners skilled in such ap-
proaches, when these approaches have not been dem-

onstrated to be injurious to health.

(2) CONSIDERATIONS.—In establishing guide-
lines under paragraph (1), the National Health
Board shall provide for (A) sufficient flexibility to
permit utilization of health workers most effectively
to meet the health needs of the region, and (B) suf-
ficient uniformity to permit mobility of health work-
ers among the regions.

(b) CERTIFICATION STANDARDS.—

(1) Establishment.—For each job category
(other than a job category determined by the Na-
tional Health Board to involve highly specialized
skills requiring advanced specialty training), the Na-
tional Health Board shall, taking into account the
guidelines established under subsection (a), establish
certification standards which shall specify—
(A) the functions performed by a health worker employed in such job category;

(B) the skills required in the course of properly performing work under such job category;

(C) the initial and continuing training, experience, and performance which must be undertaken or demonstrated by a health worker to achieve and maintain competency to perform the work within such job category; and

(D) the curriculum which a health worker must follow in studies in a health team school (established under subtitle B) to demonstrate sufficient competence to satisfy the specification of subparagraph (C) for such job category.

(2) SPECIFICATIONS.—For each job category established and determined by the National Health Board to involve highly specialized skills requiring advanced specialty training, the National Health Board shall make the specifications described in subparagraphs (A) through (D) of paragraph (1).

(3) PERIODIC REVIEW.—Standards for a job category under this subsection shall be periodically reviewed to supplement, modify, or eliminate such
standards as will facilitate the delivery of quality health care services under this Act.

(4) Quality Protection.—

(A) Prohibition of Downgrades of Levels.—No individual health facility administrator is authorized to downgrade the level of skill, license or certification required to perform duties delineated by the Board.

(B) Review.—

(i) Review of Staffing Changes.—
Upon enactment of this Act, the Board shall convene a national level task force to review the impact on the safety and health of patients and workers of downgrading and deskilling of health care job categories by replacing licensed with unlicensed workers during the 1990s, particularly in the nursing area, and to recommend remedies as appropriate.

(ii) Whistleblower Protection.—
Health care workers who report compromises in the quality of care shall not be subjected to recriminations.

(C) Workforce Staffing Levels.—The Board may establish health workforce staffing
levels as it determines will promote the delivery
of quality health care services.

**Subtitle B—Education of Health Workers**

**SEC. 311. HEALTH TEAM SCHOOLS.**

(a) **Establishment.**—

(1) **In General.**—Except as provided in paragraph (2), the Board shall establish a procedure for converting existing educational facilities for health services workers to create health team schools (each in this subtitle referred to as a “school”) in accordance with this section to provide programs of initial and continuing basic education in health care delivery for health workers in all job categories, and to provide initial continuing advanced education in health care specialties and health science specialty fields. Such schools shall be established and functioning not later than 4 years after the effective date of health services.

(2) **Use of Funds.**—Schools shall be funded exclusively by the Service, shall not charge nor accept tuition or fees for enrollment, and shall provide each student with an adequate allowance for living expenses, educational supplies, and any child care expenses.
(b) OPERATIONAL PRINCIPLES.—Schools shall be operated and maintained in accordance with the following principles:

(1) The activities of each school shall be designed to meet the health needs of the population.

(2) The number of students enrolled in each educational program in a school shall be based on the needs for health workers within a given area, defined by geographic and political boundaries.

(3) Schools shall integrate the education of health workers in the different job categories (established under subtitle A) so as to permit health workers to be educated and certified for successively higher levels of health care work.

(4) Each school’s admissions policies, curriculum policies, faculty hiring procedures, and governance plan shall be established and implemented in accordance with subsections (c) through (f), respectively, and with the fullest possible participation of the community health workers, staff, and students in its region.

(5) A school may not use individuals who are from low-income populations or minority groups, or who are women or confined in mental or penal institutions, as subjects for training or demonstration in
numbers that are disproportionate to their numbers
in the population of the region, and may not use any
individuals as subjects for training or demonstration
in a manner beyond that required for the immediate
purpose of the training or demonstration or without
their explicit consent.

The National Health Board shall establish, not later than
one year after the effective date of health services, guide-
lines for the application of these principles and for the
phased integration of health worker education programs,
including medical, dental, osteopathic, and nursing school
programs, in existence on the date of enactment of this
Act into the schools established under this section.

(c) ADMISSIONS POLICIES.—Admissions policies for
education programs in schools shall—

(1) emphasize previous health-related work ex-
perience, as evaluated by health workers (including
peers), by individuals who have received health care
services from the applicant, and by faculty members;

(2) minimize the use of criteria of academic
performance other than such criteria as have been
shown to be significantly related to future work per-
formance;
(3) give preference to segments of the population of the region underrepresented among health workers;

(4) to the extent consistent with paragraph (3), provide for admission of individuals so that the student body approximates the population of the region by race, sex, family income, and language; and

(5) require that the applicant agree, if accepted into the school, to perform health care services in accordance with section 312.

(d) CURRICULUM POLICIES.—The National Health Board, in consultation with its local and regional authorities, shall establish and implement curriculum policies for educational programs in schools. Such policies shall—

(1) give priority in study and field work to the leading causes of illness and death in the region, including environmental, biological, and social determinants of mortality and morbidity;

(2) give special consideration to studying the social, as well as biological, causation and prevention of illness and disease, and to the differing health care needs of populations facing special health risks and having special cultures and lifestyles within the region;
(3) provide that all students shall take a common, initial sequence of courses and that students preparing for more advanced types of health work shall take studies that are progressively more specialized and differentiated;

(4) emphasize work study experience in all types of health care facilities in the region, including community and workplace facilities, facilities for the aged, mentally ill, and mentally retarded, health care facilities in prisons and other correctional institutions, alcohol and drug rehabilitation facilities, environmental health facilities, and all other health care facilities of the Service in communities and districts in the region;

(5) emphasize the appropriate and safe use, and discourage the overuse, of drugs and medical techniques; and

(6) facilitate the development by all health workers of skills in decisionmaking and assessment of user needs in cooperation with other health workers and with users.

(e) FACULTY HIRING PROCEDURES.—Faculty hiring procedures in schools shall, to the maximum extent feasible, create a faculty which approximates the population of the region by race, sex, and language.
(f) Governance Plans.—Governance plans for the management of a school shall give significant decision-making powers to staff and students of the school.

SEC. 312. Service Requirement.

(a) Service Requirement.—

(1) In general.—No individual may be enrolled in a school unless the individual agrees to perform health care services as an employee of the Service in the job category for which training is being provided—

(A) for a period of time equal to the period of such enrollment in the school but not less than 2 years;

(B) beginning not later than 1 year after the date of the individual’s graduation from the school; and

(C) for an area with the highest priority ranking under subsection (c) that agrees to employ the individual.

(2) Deferral.—An individual’s obligation to perform service under an agreement described in paragraph (1) shall be deferred only for a period during which the individual is physically or mentally incapable of performing such service.
(3) Completion of service required.—No individual who has made an agreement described in paragraph (1) may be employed other than in accordance with subsection (c), until the individual has completed the period of obligated service in accordance with this section.

(4) Penalty for breach of agreement.—Except as provided in paragraph (5), if an individual breaches an agreement under paragraph (1) by failing (for any reason) either to begin such individual's service obligation or to complete such service obligation, the Service shall be entitled to recover from the individual an amount determined in accordance with the formula $A=C \left(1-\frac{s}{t}\right)$ in which—

(A) "A" is the amount the Service is entitled to recover;

(B) "C" is an amount determined by the National Health Board to be the costs to the Service of the education program and allowance received by the individual and the interest on such costs which would be payable if at the time the costs were undertaken they were loans bearing interest at the maximum legal prevailing rate, as determined by the Treasurer of the United States;
(C) “t” is the total number of months in
the individual’s period of obligated service; and

(D) “s” is the number of months of such
period served by the individual. Any amount of
damages which the Service is entitled to recover
under this paragraph shall, within the 1-year
period beginning on the date of the breach of
the agreement, be paid to the Service.

(5) CANCELLATION.—

(A) UPON DEATH.—Any obligation of an
individual under this subsection for service or
payment of damages shall be canceled upon the
death of the individual.

(B) EXTREME HARDSHIP EXCEPTION.—
The National Health Board shall provide for
the waiver or suspension of any obligation of
service or payment by an individual under this
subtitle whenever compliance by the individual
is impossible or would involve extreme hardship
to the individual and if enforcement of such ob-
ligation with respect to any individual would be
unconscionable.

(C) LIMITATION ON DISCHARGE IN BANK-
RUPTCY.—Any obligation of an individual under
this subtitle for payment of damages may be re-
leased by a discharge in bankruptcy under title 11 of the United States Code only if such dis-
charge is granted after the expiration of the 5-
year period beginning on the first date that 
payment of such damages is required.

(b) Periodic Reassessment of Worker Ra-
tios.—The National Health Board shall periodically as-
sess the ratio of the number of health workers employed 
by the Board in each job category (established under sub-
title A) in an area to the number of residents in the area.

(c) Worker Matches.—The National Health Board 
shall establish a program to match the locational pref-
erences of graduates of schools with the needs and pref-
erences of regions.

SEC. 313. PAYMENT FOR CERTAIN EDUCATIONAL LOANS.

(a) Loan Payment Program.—In the case of any 
individual who has incurred any educational loan before 
the fourth year after the effective date of health services 
and for the individual’s costs for an educational program 
in health care delivery, health care specialties, or health 
science specialty fields, the National Health Board shall 
make payments, in accordance with subsection (b), for and 
on behalf of that individual, on the principal of and inter-
est on any such loan which is outstanding on the date the 
individual begins to work for the Service.
(b) MAKING OF PAYMENT.—The payments described in subsection (a) shall be made by the National Health Board as follows:

(1) Upon completion by the individual for whom the payments are to be made of the first year of employment with the Service, the National Health Board shall pay 30 percent of the principal of, and the interest on, each loan described in subsection (a) which is outstanding on the date he began such employment.

(2) Upon completion by that individual of the second year of such employment, the National Health Board shall pay another 30 percent of the principal of, and the interest on, each such loan.

(3) Upon completion by that individual of a third year of such employment, the National Health Board shall pay another 25 percent of the principal of, and the interest on, each such loan.

(4) Upon completion by that individual of a fourth year of such employment, the National Health Board shall pay the remaining 15 percent of the principal of, and all remaining interest on, each such loan.

No payment may be made under this subsection with respect to a loan unless the person on whose behalf the pay-
ment is to be made has submitted to the National Health Board a certified copy of the agreement under which such loan was made.

(e) Payment During Employment.—Notwithstanding the requirement of completion of employment specified in subsection (b), the National Health Board shall on or before the due date thereof, pay any loan or loan installment which may fall due within the period of employment for which the borrower may receive payments under this section, upon the declaration of such borrower, at such times and in such manner as the National Health Board may prescribe (and supported by such other evidence as the National Health Board may reasonably require), that the borrower is then employed as described in subsection (b) and that the borrower will continue to be so engaged for the period required (in the absence of this subsection) to entitle the borrower to have made the payments provided by this section for such period, except that not more than 85 percent of the principal of any such loan shall be paid pursuant to this subsection.
Subtitle C—Employment and Labor-management Relations Within the Service

SEC. 321. EMPLOYMENT, TRANSFER, PROMOTION, AND RECEIPT OF FEES.

(a) SERVICE EMPLOYEES.—The National Health Board shall employ, classify, and fix the salaries and benefits of all employees of the Service employed in the Service’s facilities.

(b) POLICIES.—The National Health Board, in establishing guidelines and standards under this subtitle, shall, to the extent feasible and consistent with the provisions of this subtitle, provide for—

(1) employment and promotion in the Service in the same manner as is provided for employment and promotion under the Federal civil service system;

(2) meaningful opportunities for career advancement;

(3) encouragement of health workers to use up to 10 percent of their work time for continuing education under subtitle B without loss of pay or other job rights; and

(4) full protection of employees’ rights by providing an opportunity for a fair hearing on adverse actions with representation of their own choosing.
(c) HIRING PREFERENCES.—The National Health Board, in hiring for employees to fill vacancies in newly created positions, shall give preference to individuals who were employed as health workers, or self-employed while delivering health services, before the date of enactment of this Act. The National Health Board shall ensure, through such steps as it deems necessary, that all such individuals desiring to be employed within the Service shall find appropriate employment in the Service.

(d) PROMOTION AND TRANSFER.—Employees of the Service shall be eligible for promotion or transfer to any position in the Service for which they are qualified. A job placement service in each region shall assist health workers in its region in identifying suitable employment opportunities and in transferring between jobs. The authority given by this subsection shall be used to provide a maximum degree of career opportunities for employees and to ensure continued improvement of health care services.

(e) NO UNDUE FINANCIAL INCENTIVES.—No health worker should benefit financially from the provision or denial of services to individual patients, beyond their regular remuneration.

(f) SOLE EMPLOYER.—An employee of the Service may not receive any fee or perquisite on account of duties
performed by virtue of such employment except from the Service.

(g) **GRANDFATHER CLAUSE.**—The National Health Board shall support alternative procedures to assure that health care professionals meet required standards, particularly those currently practicing in health professional shortage areas in inner cities and in rural communities.

(h) **TRANSITIONAL EMPLOYMENT.**—Up to 1 percent of the budget of the United States Health Service for each of its first 2 years may be expended for the retraining and hiring of sales, administrative, clerical, and service employees displaced as a result of this Act, including those in the health insurance industry.

**SEC. 322. APPLICABILITY OF LAWS RELATING TO FEDERAL EMPLOYEES.**

(a) **IN GENERAL.**—Chapter 75 of title 5, United States Code (relating to adverse actions against employees), apply to employees of the Service (other than employees serving on the personal staff of members of health boards) except to the extent provided—

(1) in a collective bargaining agreement negotiated on behalf of and applicable to them; or

(2) in procedures established by the Service and approved by the Office of Personnel Management.
(b) **Coverage Under Workers Compensation.**—

Employees of the Service are covered by subchapter I of chapter 81 of title 5, United States Code (relating to compensation for work injuries).

(c) **Civil Service.**—

1. **Application of Civil Service Retirement.**—Chapter 83 of title 5, United States Code (relating to civil service retirement), applies to employees of the Service except to the extent provided in a collective bargaining agreement negotiated on behalf of and applicable to them.

2. **Withholding.**—The Service shall withhold from pay and shall pay into the Civil Service Retirement and Disability Fund the amounts specified in chapter 83 of title 5, United States Code, as required under paragraph (1). The Service, upon request of the Office of Personnel Management, but not less frequently than annually, shall pay to the Office the costs reasonably related to the administration of Fund activities for employees of the Service.

(d) **Accrual of Sick and Annual Leave.**—Sick and annual leave and compensatory time of employees of the Service, whether accrued prior to or after the com-
mencement of operations of the Service, shall be obliga-
tions of the Service.

(c) APPLICATION OF CONDITIONS.—

(1) TERMS OF EMPLOYMENT.—Compensation,
benefits, and other terms and conditions of employ-
ment in effect on the effective date of health services
for employees of the Federal Government performing
functions that are provided under this Act by the
Service, shall apply to all employees of the Service
performing similar functions until changed by the
Service in accordance with this Act. Subject to the
provisions of this Act, the provisions of subchapter
I of chapter 85 and chapter 87 of title 5, United
States Code (relating to unemployment compensa-
tion and life insurance), apply to employees of the
Service unless varied, added to, or substituted for in
accordance with paragraph (2).

(2) LIMITATION ON VARIATION.—No variation,
addition, or substitution with respect to fringe bene-
fits shall result in a program of fringe benefits which
on the whole is less favorable to employees of the
Service than fringe benefits in effect for employees
of the Federal Government on the effective date of
health services. No variation, addition, or substi-
tution with respect to fringe benefits of employees
for whom there is a collective bargaining representa-
tive shall be made except by agreement between such
representative and the Service.

SEC. 323. APPLICABILITY OF FEDERAL LABOR-MANAGE-
MENT RELATIONS LAWS.

(a) Application of NLRA.—

(1) In general.—The provisions of the Na-
tional Labor Relations Act (42 U.S.C. 141 et seq.)
shall apply to the Service and its employees to the
extent, not inconsistent with subsection (b), to which
such provisions apply to employers (as defined in
section 2(2) of such Act), except that—

(A) the phrase “or any individual employed
as a supervisor” in section 2(3) of such Act
shall not apply (thereby making such Act apply,
for these purposes, to such individuals);

(B) section 9(b)(1) of such Act (providing
for separate treatment for professional and
nonprofessional employees) shall not apply;

(C) sections 206 through 210 of such Act
(relating to national emergencies) shall, for pur-
poses of this Act, have the phrases “the Presi-
dent of the United States” and “the Presi-
dent”, wherever they appear, replaced by the
phrase “the National Health Board (or a com-
mittee thereof to which it has delegated such authority)’’ and the phrase ‘‘national health or safety’’ replaced by the phrase ‘‘health or safety of the residents of any region’’; and

(D) section 213 (providing for intervention in a strike or lockout by the Director of the Federal Mediation and Conciliation Service) shall not apply.

(2) STRIKES PERMITTED.—Paragraphs (3) and (4) of section 7311 of title 5, United States Code (prohibiting participation in a strike or an organization asserting the right to strike), shall not apply to employees of the Service.

(b) NEUTRALITY IN UNION MATTERS.—The National Health Board shall adopt as a matter of general policy that governing boards at each level of the Service, and employers acting as agents of these boards, agree to determine employee preference on the subject of labor union representation, and to determine which one if union representation is preferred, by a card check procedure conducted by a neutral third party in lieu of a formal election.

(c) COLLECTIVE BARGAINING.—

(1) IN GENERAL.—Collective bargaining agreements between the National Health Board and duly recognized bargaining representatives of employees
of the Service may include procedures for resolution
by the parties of grievances and adverse actions aris-
ing under the agreement, including procedures cul-
minating in binding third party arbitration.

(2) ALTERNATIVE PROCEDURES.—The National
Health Board and duly recognized bargaining rep-
resentatives of employees of the Service may by mu-
tual agreement adopt procedures for the resolution
by the parties—

(A) of grievances and adverse actions aris-
ing under collective bargaining agreements, and

(B) of disputes or impasses arising in the
negotiation of such agreements.

(d) CONFORMING AMENDMENT.—Section 3(e) of the
Labor-Management Reporting and Disclosure Act of 1959
(42 U.S.C. 402(e)) is amended by inserting “the United
States Health Service and” after “and includes”.

SEC. 324. DEFENSE OF CERTAIN MALPRACTICE AND NEG-
LIGENCE SUITS.

(a) EXCLUSIVE REMEDY.—The remedy against the
United States provided by sections 1346(b) and 2672 of
title 28, United States Code, or by alternative benefits
provided by the United States where the availability of
such benefits precludes a remedy under section 1346(b)
of such title, for damage for personal injury, including
death, resulting from the performance of medical, surgical, dental, or related functions, including the conduct of clinical studies or investigations, by any employee of the Service while acting within the scope of the employee’s employment, shall be exclusive of any other civil action or proceeding by reason of the same subject matter against the employee (or the employee’s estate) whose act or omission gave rise to the claim.

(b) DEFENSE.—The Attorney General shall defend any civil action or proceeding brought in any court against any person referred to in subsection (a) (or the person’s estate) for any such damage or injury. Any such person against whom such civil action or proceeding is brought shall deliver within such time after date of service or knowledge of service as determined by the Attorney General, all process served upon the person or an attested true copy thereof to the person’s immediate superior or to whomever was designated by the appropriate National Health Board to receive such papers and such person shall promptly furnish copies of the pleading and process therein to the United States attorney for the district embracing the place wherein the proceeding is brought, to the Attorney General, and to the National Health Board.

(c) PROCEDURE.—
(1) **Removal from state courts.**—Upon a certification by the Attorney General that the defendant was acting in the scope of employment at the time of the incident out of which the suit arose, any such civil action or proceeding commenced in a State court shall be removed without bond at any time before trial by the Attorney General to the district court of the United States of the district and division embracing the place wherein it is pending and the proceeding deemed a tort action brought against the United States under the provision of title 28, United States Code, and all references thereto.

(2) **Motions to remand.**—If a United States district court determines on a hearing on a motion to remand held before a trial on the merits that the case so removed is one in which a remedy by suit within the meaning of subsection (a) is not available against the United States, the case shall be remanded to the State court.

(3) **Effect of alternative remedies.**—Where a remedy by suit within the meaning of subsection (a) is not available because of the availability of a remedy through proceedings for compensation or other benefits from the United States as provided
by any other law, the case shall be dismissed, but in
the event the running of any limitation of time for
commencing, or filing an application or claim in,
such proceedings for compensation or other benefits
shall be deemed to have been suspended during the
pendency of the civil action or proceeding under this
section.

(d) SETTLEMENT.—The Attorney General may com-
promise or settle any claim asserted in such civil action
or proceeding in the manner provided in section 2677 of
title 28, United States Code, and with the same effect.

(e) LIMITATION.—For purposes of this section, the
provisions of section 2680(h) of title 28, United States
Code, shall not apply to assault or battery arising out of
negligence in the performance of medical, surgical, dental,
or related functions, including the conduct of clinical stud-
ies or investigations.

(f) LIABILITY INSURANCE.—The appropriate Na-
tional Health Board may, to the extent it deems appro-
priate, hold harmless or provide liability insurance for any
employee of the Service for damage for personal injury,
including death, negligently caused by such employee while
acting within the scope of employment and as a result of
the performance of medical, surgical, dental, or related
functions, including the conduct of clinical studies or in-
vestigations, if the employee is assigned to a foreign coun-
try or detailed to a State or political subdivision thereof
or to a nonprofit institution, and if the circumstances are
such as are likely to preclude the remedies of third persons
against the United States described in section 2679(b) of
title 28, United States Code, for such damage or injury.

TITLE IV—OTHER FUNCTIONS
OF HEALTH BOARDS
Subtitle A—Advocacy, Grievance
Procedures, and Trusteeships

SEC. 401. ADVOCACY AND LEGAL SERVICES PROGRAM.

(a) Establishment of Program.—The National
Health Board shall establish a program of health advocacy
to ensure the full realization of the patient rights enumer-
ated in subtitle A of title II. Such a program shall in-
clude—

(1) the employment of individuals having basic
legal knowledge and skills as health advocates;
(2) the presence of health advocates—
(A) in inpatient health care facilities at all
times; and
(B) in other health care facilities during
the provision of health care services;
(3) provision for health advocates to (A) in-
form, on an ongoing basis, users and health workers
of such patient rights and (B) report to the National Health Board any infraction of such rights which is not promptly corrected;

(4) provision for regular meetings between health workers and health advocates, users, and any user representatives to discuss ways of ensuring the fulfillment of such rights through affirmative action of such workers and the National Health Board; and

(5) appropriate action by the National Health Board to ensure that infractions of such rights are promptly and sufficiently corrected.

(b) HEALTH RIGHTS LEGAL SERVICES.—

(1) Establishment of Program.—The National Health Board shall establish a health rights legal services program and shall provide such program with sufficient legal and administrative personnel, funding, and facilities (A) to ensure that users and health workers receive, free of charge, high quality legal services (including representation in grievance proceedings commenced under section 402) for legal problems related to health rights and health care services, and (B) to improve, through litigation and other activities, the health care system and expand the rights of users and health workers.
(2) Services.—The health rights legal services program shall provide directly, by contract with the Legal Services Corporation, or by contract with members of the private bar, for—

(A) establishment of a legal services office in each region to provide representation (other than representation provided under subparagraph (B)) of users, health workers, and voluntary associations having a demonstrated interest in health care in proceedings and hearings under sections 324 and 402; and

(B) establishment of legal services offices in such communities and districts as are determined, in accordance with guidelines established by the National Health Board, to have inadequate legal services to provide the legal services described in paragraph (1)(A).

(3) Use of contracts.—The National Health Board may carry out the functions described in paragraph (1)(B) directly, by contract, or otherwise.

SEC. 402. GRIEVANCE PROCEDURES.

(a) Grievance Proceedings.—

(1) In General.—The National Health Board shall provide, in accordance with this section, that any user, health worker, or any user association hav-
ing a demonstrated interest in health care may com-

mence a grievance proceeding before the Board (or

a person or committee designated by such Board)

with respect to an alleged violation of this Act. The

National Health Board may commence a grievance

proceeding before itself (or a person or committee

designated by such Board) with respect to an alleged

violation of this Act.

(2) GRIEVANCES AGAINST NATIONAL HEALTH

BOARD.—Grievances against the National Health

Board may be presented to and adjudicated by the

Inspector General for Health Services or the Inspec-
tor's General local designees. Grievants shall also

have access to review in the courts.

(b) REVIEW.—

(1) BY NATIONAL HEALTH BOARD.—The Na-
tional Health Board shall provide, subject to para-
graphs (2) and (3), for its review (or a review by a
person or committee designated by the Board), by
appeal to the Board by any party to a proceeding
described in subsection (a)(1) or on its own initia-
tive, of an adverse decision.

(2) LIMITATION ONCE SUIT COMMENCED.—On

and after the date a suit with respect to an adverse
determination in a grievance proceeding or review
proceeding is filed under subsection (e), no review proceeding respecting such proceeding may be com-
meneced by appeal to the Board under paragraph (1), and any such review proceeding which was com-
meneced by appeal to the Board under such para-
graph before the date of filing of such suit and is pending on such date shall promptly be discon-
tinued.

(3) **TIME LIMIT.**—No review of an adverse ad-
ministrative decision may be made by appeal or by
initiative under this subsection unless the appeal is
filed or notice of the initiative is published (as the
case may be) not later than 30 days after the publi-
cation of the decision.

(c) **INVESTIGATION.**—Whenever a grievance pro-
ceeding is commenced under subsection (a), the entity be-
fore which the proceeding is held shall investigate the
grievance.

(d) **RIGHT TO SUE.**—Any party to a grievance pro-
ceeding or review proceeding commenced under this sec-
tion may bring suit in the United States district court for
the judicial district in which such proceeding, or review
proceeding, was brought, for the review of an adverse de-
termination in such proceeding or review proceeding. Such
court shall affirm such determination unless it finds that
such determination is not supported by substantial evi-
dence or is arbitrary and capricious.

Subtitle B—Occupational Safety
and Health Programs

SEC. 411. FUNCTIONS OF THE NATIONAL HEALTH BOARD.

(a) OVERSIGHT AUTHORITY.—On and after the effec-
tive date of health services, the National Health Board
shall oversee occupational safety and health programs con-
ducted at the regional level, and shall participate in the
establishment and administration of occupational safety
and health standards under the Occupational Safety and
Health Act of 1970.

(b) CONFORMING AMENDMENTS.—

(1) IN GENERAL.—To provide for participation
of the National Health Board in the establishment
and administration of occupational safety and health
standards, the Occupational Safety and Health Act
of 1970 (29 U.S.C. 651 et seq.) is amended—

(A) in section 3, by adding at the end the
following new paragraph:

“(15) The term ‘National Health Board’ means
the National Health Board of the United States
Health Services.”;

(B) by striking “Secretary of Health and
Human Services” each place it appears (other
than in section 22(b)) and inserting “National
Health Board”;

(C) in the first sentence of section 6(b)(1),
by inserting “shall request the National Health
Board and” before “may request”;

(D) in the second sentence of section
6(b)(1), by inserting “the Board and” after
“The Secretary shall provide”; 

(E) in the third sentence of section
6(b)(1), by striking “An” and inserting “The
Board and an”; 

(F) in the third sentence of section
6(b)(1), by striking “its” each place it appears
and inserting “their”; 

(G) in the fourth sentence of section
6(b)(6)(A), by inserting “after consultation
with the National Health Board and” after
“may be granted only”; 

(H) in the third sentence of section 6(d),
by inserting “after consultation with the Na-
tional Health Board and” before “after oppor-
tunity for”; 

(I) in section 8(g)(2), by striking “The
Secretary” and all that follows through “shall
each” and inserting “The Secretary shall”;
(J) in section 8(g)(2), by striking “their” and inserting “his”;

(K) in section 16, by inserting “after consultation with the National Health Board and” before “after notice and opportunity”;

(L) in section 18(c), by inserting “(after consultation with the National Health Board)” after “in his judgment”;

(M) in section 19(d), by inserting “and the National Health Board” after “Secretary” each place it appears; and

(N) in section 20(a), by striking the first sentence of paragraph (5).

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on the effective date of health services.

(f) GUIDELINES.—The National Health Board shall establish guidelines—

(1) for its participation in the establishment and administration of occupational safety and health standards under the Occupational Safety and Health Act of 1970; and

(2) for the establishment and operation of workplace health facilities under section 413.
SEC. 412. COMMUNITY OCCUPATIONAL SAFETY AND HEALTH ACTIVITIES.

The Occupational Safety and Health Administration, under the direction of the National Health Board, shall develop and provide staff support for local and regional occupational safety and health programs, to include community-based occupational safety and health councils that represent community workers and residents. Such programs shall—

(1) promote and assist in the establishment of workplace occupational safety and health committees in workplaces in the community, and advise and facilitate such committees’ actions relating to safety and health hazards in workplaces in the community;

(2) assist employees in determining methods of, and requirements for, inspections of workplaces in the community for safety and health hazards;

(3) implement training programs to enhance the ability of employees in the region to monitor safety and health conditions in their workplaces and to assist safety and health inspectors in the conduct of workplace inspections;

(4) facilitate communication among workers employed in similar industries in the region and the Nation with respect to occupational health and safety hazards they face in common;
(5) conduct baseline and periodic biologic screening of employees in the region;
(6) develop and maintain environmental monitoring programs to identify and isolate hazardous workplaces and work areas in the region; and
(7) analyze employment-related injuries and illnesses occurring in the region.

SEC. 413. WORKPLACE HEALTH FACILITIES.

(a) ESTABLISHMENT.—The Occupational Safety and Health Administration, under the direction of the National Health Board, shall develop a program to establish worksite health facilities, distributed to make available occupational and emergency health care services to individuals employed in the workplace in accordance with this section and guidelines and standards for such facilities established by the National Health Board. Such facilities may be maintained by each employer where the facility is located, or by the group of employers covered by a facility.

(b) APPLICATION OF GUIDELINES.—Each workplace health facility established pursuant to subsection (a) shall, taking into account guidelines established by the National Health Board—

(1) be organized in a manner so as to provide an appropriate number of appropriately skilled
health workers to meet occupational and emergency
health care needs of employees in the workplace; and

(2) be operated by the community for the com-
community in which the workplace is predominantly lo-
cated, or, where the National Health Board or its
local authority deems appropriate, by the employer,
with the cost in either case borne by the employer
in each workplace.

SEC. 414. EMPLOYEE RIGHTS RELATING TO OCCUPATIONAL
SAFETY AND HEALTH.

(a) Workplace Committees.—

(1) Establishment.—Employees in each
workplace having 25 or more employees shall have
the right to establish workplace occupational safety
and health committees (each in this subsection re-
ferred to as a “committee”) with members of their
choosing.

(2) Membership.—Members of committees
(composed of the greater of 3 members or one mem-
ber for each 100 employees in the workplace) shall,
without any loss of pay or other job rights—

(A) be permitted to spend eight hours of
each month inspecting their workplace and con-
ducting such other functions relating to occupa-
tional safety and health as are determined by
the employees in the workplace; and

(B) be permitted to accompany any safety
and health inspectors during inspections of the
workplace.

(b) SAFETY-RELATED RIGHTS.—Employees in each
workplace shall have the right, without any loss of pay
or other job rights—

(1) to monitor safety and health conditions in
their workplace whenever they reasonably deem it
necessary and with whatever reasonable scientific in-
struments and expert assistance they choose; and

(2) to remove themselves from the site of any
hazard to their safety or health until an authorized
inspector has certified that the hazard has been
eliminated.

(c) SAFE WORKPLACES.—Employers shall adopt all
feasible engineering measures that will minimize occupa-
tional safety and health hazards in the workplace. Where
such measures are not adequate to protect employees from
such hazards, employers shall furnish their employees
with, or reimburse their employees for the reasonable cost
of, equipment and clothing needed to protect an employee
from any residual occupational safety and health hazards
in the workplace.
(d) **Right to Inspect Medical Records.**—Employees or their duly chosen representatives shall have the right to inspect all medical records maintained by their employers on the condition of their health, and shall have the right to be assisted during such inspections by persons of their choosing.

(e) **Copies of Reports.**—Employers shall provide their employees with copies of all reports, studies, and data concerning conditions affecting the health and safety of employees within their workplaces, with annual reports on the morbidity and mortality experience of present and former employees, and with timely notification of the presence within the workplace of any materials, agents, or conditions which may have a deleterious effect on the safety and health of their employees, along with relevant information on hazards and precautions, symptoms, remedies, and antidotes.

(f) **Right to Negotiate Standards.**—Employees shall have the right to seek, through collective bargaining, occupational safety and health standards, including standards relating to physical and mental stress and speed of work, more restrictive than such standards established under the Occupational Safety and Health Act of 1970.
SEC. 415. DEFINITIONS.
(a) WORKPLACE.—For purposes of this subtitle, the term “workplace” means the regular location where work is performed by one or more employees of an employer.
(b) EMPLOYER; EMPLOYEE.—For the purposes of sections 413 and 414, the terms “employer” and “employee” have the same meanings those terms have in section 3 of the Occupational Safety and Health Act of 1970 (42 U.S.C. 653).

Subtitle C—Health and Health Care Delivery Research, Quality Assurance, and Health Equity

SEC. 421. PRINCIPLES AND GUIDELINES FOR RESEARCH.
(a) CONDUCT.—On and after the effective date of health services, the Service shall conduct a program of research concerning health and health care delivery. On and after 2 years after such date, such research program shall conform to the following principles:

(1) The research shall, to the maximum extent possible, be performed under the direction of, and in association with, agencies representative of the population.

(2) No research shall be conducted within, or using the resources of, an area health facility until it has been reviewed and approved by the National
Health Board, or a designated local authority re-
sponsible for such facility.

(3) Priority shall be given in health research to
the prevention and correction of the leading causes
of illness and death, particularly environmental, oc-
cupational, nutritional, social, and economic causes.

(4) Priority shall be given in health care deliv-
ery research to improvement of the effectiveness and
efficiency of ambulatory and primary health care de-
livery, including research on alternative systems of
health care delivery and alternative conceptions of
health and health care.

(5) The National Health Board shall encourage
and support the conduct of clinical trials that may
improve the health of the public. Any clinical trial
conducted with the intention of evaluating new pre-
ventive, diagnostic, or therapeutic methods or agents
shall be conducted only in accordance with estab-
lished ethical procedures that protect subjects from
undue harm. If benefit becomes apparent, by sci-
entific consensus, before the scheduled conclusion of
any clinical trial, such trial shall nevertheless be ter-
minated, and the benefit made available to trial par-
ticipants and the public at large.
(6) No research shall be conducted on a human subject without the subject’s informed written consent.

(7) No research shall be conducted on a human subject while the subject is involuntarily confined to an institution.

(8) The planning and conduct of research under the program, shall take place in cooperation with appropriate officials conducting related research in the Federal Government and agencies and departments of State, territorial, and local governments.

(9) The results of research shall be disseminated to the public and to National Health Board in a manner that will most readily permit the use of such results to improve the health of users and the delivery of health care services.

(b) GUIDELINES.—The National Health Board shall establish guidelines for the conduct of research in conformance with the principles described in subsection (a).

SEC. 422. ESTABLISHMENT OF INSTITUTES.

(a) IN GENERAL.—On the effective date of health services, the agencies of the Department of Health and Human Services that conduct research on health and health care are transferred to the National Health Board. These include the Agency for Healthcare Research and
Quality, the Agency for Toxic Substances and Disease Registry, the Centers for Disease Control and Prevention, the National Institutes of Health (established under title IV of the Public Health Service Act), and the Substance Abuse and Mental Health Services Administration. In addition, the National Health Board shall establish the following institutes:

(1) NATIONAL INSTITUTE OF EPIDEMIOLOGY.—

A National Institute of Epidemiology, which shall—

(A) gather and analyze disease-related statistics collected by the Service;

(B) plan, conduct, support, and assist in epidemiologic research conducted by the Service;

(C) conduct and support research on epidemiologic methodology and experimental epidemiology;

(D) establish and maintain an early warning system for the detection of new diseases and epidemics;

(E) assist in the formulation of policies to eliminate or reduce the causes of illness and injury and to prevent and curtail epidemics of these conditions; and
(F) provide technical assistance and support to regional and local jurisdictions related to measures to prevent and curtail outbreaks of illness and injury.

(2) National Institute of Evaluative Clinical Research.—A National Institute of Evaluative Clinical Research, which shall—

(A) create a uniform electronic data base for research on quality improvement in clinical care and the organization and delivery of services, and for research on outcomes of care;

(B) assess and analyze evidence on newly discovered or proposed preventive, diagnostic, and therapeutic methods and agents, including new technologies, and assist the National Health Board, in cooperation with other bodies, including the National Institute of Pharmacy and Medical Supply, in developing guidelines and standards for their introduction;

(C) analyze evidence on newly discovered or proposed preventive, diagnostic, and therapeutic methods and agents;

(D) plan and conduct clinical trials, in conformance with the limitations of subtitle A of title II;
(E) assist the National Health Board, in cooperation with other bodies, including the National Institute of Pharmacy and Medical Supply, in developing guidelines and standards for the introduction of new methods of prevention, diagnosis, and treatment;

(F)(i) regularly assess and recommend measures to improve the health status of the population, which methods shall include analysis of the national health database, regular surveys of the population regarding their experience and evaluation of their health and health services, and such other methods as designated by the Institute;

(ii) identify the most effective methods of prevention, diagnosis and treatment, as determined by the most recent evidence, and assist the National Health Board, in cooperation with other bodies, in establishing guidelines to improve clinical practice, including clinical decision criteria per section 221(f);

(iii) regularly monitor and report to the National Health Board for further action the extent of inappropriate care, including under-service and overservice, and its consequences;
(iv) develop additional methods of quality improvement for implementation by the National Health Board and other entities, including systematic review of patterns of practice that compromise the quality of care and recommendations to redress such practices, education for health care workers to improve the quality of care, and guidelines for the optimal organization of health services and the use of tertiary care facilities;

(G) administer the periodic convening of the U.S. Preventive Health Services Task Force, which shall recommend to the National Health Board a schedule for preventive health services based on age and sex, which schedule shall reflect the most recent medical evidence; and

(H) provide education for users on clinical effectiveness guidelines and the most effective preventive, diagnostic, and treatment practices.

(3) National Institute of Health Care Services.—A National Institute of Health Care Services, which shall—
(A) analyze data and statistics on the
health care resources and needs of the Nation
and on the quality of present services;

(B) conduct comparative studies of health
care services in the various regions of the Na-
tion, and make recommendations for the im-
provement of health care services in areas with
inferior quality of health care services;

(C) plan and conduct research on alter-
native methods of health care delivery, on the
functions, tasks, performance and work rela-
tionships of various kinds and categories of
health workers, on patterns of organization of
health care, and on the effectiveness and bene-
fits of health care in relation to costs; and

(D) assist the National Health Board in
formulating national policies to improve the
quality of health care services.

(4) NATIONAL INSTITUTE OF PHARMACY AND
MEDICAL SUPPLY.—A National Institute of Phar-
macy and Medical Supply, which shall—

(A) recommend to the National Health
Board standards regarding the quality, dis-
tribution, and price of all drugs, therapeutic de-
vices, appliances and equipment to be used by the Service;

(B) certify drugs, therapeutic devices, appliances, and equipment for use in the health facilities of the Service, and for furnishing to users of such health facilities;

(C) assist the National Health Board in issuing a National Pharmacy and Medical Supply Formulary; and

(D) conduct a comprehensive program of pharmaceutical and medical supply research and utilization education using regional facilities to the maximum extent possible.

(5) NATIONAL INSTITUTE OF SOCIOLOGY OF HEALTH AND HEALTH CARE.—A National Institute of Sociology of Health and Health Care, which shall—

(A) conduct ongoing analyses of the basic epistemological assumptions of health and health care;

(B) assess critically the effects of scientific medicine and of divisions in institutional and technical skills in health care;
(C) evaluate the effects of health care measures and policies upon population groups and subgroups in the Nation;

(D) identify and analyze the social, cultural, economic, occupational, distributional, and environmental factors in modern society affecting health and well-being;

(E) analyze alternative, holistic approaches to the human body, health, and causality of ill health and the lack of social and psychological well-being; and

(F) assist the National Health Board in formulating national policies relating to the promotion of health and the provision of health care.

(b) Coordination of Effort.—The National Health Board will establish mechanisms for internal coordination of research among the five Institutes, and will also coordinate effort with agencies under the Department of Health and Human Services, including the Food and Drug Administration and the Health Resources and Services Administration.
Subtitle D—Health Planning, Distribution of Drugs and Other Medical Supplies, and Miscellaneous Functions

SEC. 431. HEALTH PLANNING AND BUDGETING.

(a) In General.—The National Health Board shall develop and implement guidelines to collect data on the supply of and demand for health workers in facilities under its supervision, and on the delivery of health care and supplemental services in health care facilities under its supervision, shall evaluate such data in relation to the health care needs of their respective area, and shall transmit such data and evaluation as necessary for implementation, and shall make available such data and evaluations to residents of their respective area.

(b) Coordination.—The National Health Board shall coordinate the planning and administration of the delivery of health care services, health worker education, and health research within regions, and shall facilitate the planning and administration of such programs.

(c) Plans.—The National Health Board shall formulate a 1-year and 5-year national health plan and budget, taking into account the regional budgets prepared in accordance with section 522.
SEC. 432. DISTRIBUTION OF DRUGS AND OTHER MEDICAL SUPPLIES.

(a) National Formulary.—

(1) Publication.—The National Health Board, shall, not later than the effective date of health services, publish and disseminate a National Pharmacy and Medical Supply Formulary (in this section referred to as the “Formulary”).

(2) Contents.—The Formulary shall contain a listing of drugs, therapeutic devices, appliances, equipment, and other medical supplies (including eyeglasses, other visual aids, hearing aids, and prosthetic devices) (in this section referred to as “drugs and other medical supplies”). For each item on such listing the Formulary shall contain (A) the standards of quality for the production of such item, (B) the medical conditions for which the item is certified as effective for purposes of the provision of health care services under this Act, and (C) such other information on such item as the National Health Board determines to be appropriate for the effective and efficient delivery of health care services under this Act.

(3) Updating.—The National Health Board shall, at regular intervals, update the contents of the Formulary and publish a price list for items listed
in the Formulary, which prices shall reflect the ac-
tual costs of manufacture.

(b) Drug Purchase Programs.—

(1) In general.—The National Health Board
shall establish a program, in accordance with this
subsection for the purchase and distribution of
drugs and other medical supplies for use in health
care facilities.

(2) Pricing.—Such program shall provide for
the purchase of each drug or other medical supply
item only (A) following competitive bidding on such
item or (B) based on the price listed for such item
in the price list published under subsection (a)(3).

(3) Generic Distribution.—Such program
shall provide for the distribution and dispensing of
drugs under their generic names.

(4) Generic Names Defined.—For purposes
of paragraph (3), the term “generic names” means
the established names, as defined in section
502(e)(2) of the Federal Food, Drug, and Cosmetic
Act (21 U.S.C. 352(e)(2)).

(c) Authority to Manufacture.—The National
Health Board is authorized to establish and operate drug
and medical supply manufacturing facilities, if it deter-
mines that such operation will result in reduced expendi-
tures by the Service.

SEC. 433. MISCELLANEOUS FUNCTIONS OF THE NATIONAL
HEALTH BOARD.

(a) ANNUAL REPORT.—The appropriate National
Health Board shall publish, not later than December 31
of each year, a report presenting and evaluating oper-
ations of the Service during the fiscal year ending in such
year and surveying the future health needs of the Nation
and plans the Board has for the Service to meet such
needs.

(b) DISSEMINATION.—The National Health Board
shall, not later than the effective date of health services,
prepare and disseminate, for use by users, information
about health and health services deemed essential to en-
sure users’ active and informed participation in the health
care system, including information that is culturally ap-
propriate for each area’s principal cultural and ethnic
groupings, a comprehensive dictionary of terms used in
health care records and services maintained or provided
by the Service. Such dictionary shall explain terms related
to symptoms, signs, diagnoses, etiologic agents and condi-
tions, diagnostic procedures, and the treatment and pre-
vention of, and rehabilitation following, illnesses, and shall
include extensive citations of lay and professional sources
which a user might consult for additional information on such terms.

**TITLE V—FINANCING OF THE SERVICE**

Subtitle A—Health Service Taxes

**SEC. 501. INDIVIDUAL AND CORPORATE INCOME TAXES.**

(a) Health Service Taxes.—

(1) In general.—Subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to normal taxes and surtaxes) is amended by adding at the end the following new part:

“**PART VIII—HEALTH SERVICE TAXES**

“Sec. 59B. Tax imposed.

**SEC. 59B. TAX IMPOSED.**

“(a) Individuals, Estates, and Trusts.—In addition to other taxes, there is hereby imposed for each taxable year on the taxable income of every individual and of every estate and trust taxable under section 1(d), a tax in an amount equal to 10 percent of the total tax imposed by section 1 for such taxable year.

“(b) Corporation.—In addition to the other taxes, there is hereby imposed for each taxable year on the taxable income of every corporation, a tax in an amount equal to 90 percent of the total amount of the normal tax and surtax imposed by section 11 for such taxable year.”
(2) **CLERICAL AMENDMENT.**—The table of parts of such subchapter A is amended by adding after the item relating to part VII the following new item:

"PART VIII. **HEALTH SERVICE TAXES**."

(b) **EFFECTIVE DATE.**—The amendments made in this section shall apply to taxable years beginning on or after the effective date of health services.

**SEC. 502. OTHER CHANGES IN THE INTERNAL REVENUE CODE OF 1986.**

(a) **DENIAL OF EXCLUSION FROM GROSS INCOME FOR AMOUNTS PAID BY THIRD PARTIES FOR MEDICAL CARE.**—Section 105 of the Internal Revenue Code of 1986 (relating to amounts received under accident and health plans) is amended by striking subsection (b).

(b) **DENIAL OF EXCLUSION FROM GROSS INCOME OF CERTAIN CONTRIBUTIONS BY THE EMPLOYER TO HEALTH PLANS.**—Subsection (a) of section 106 of such Code (relating to contributions by employer to accident and health plans) is amended to read as follows:

"(a) **GENERAL RULE.**—Except as otherwise provided in this section, gross income does not include contributions by the employer to accident or health plans for compensation (through insurance or otherwise) to his employees for personal injuries or sickness to the extent that such contributions do not provide for health care and supplemental..."
services available to such employees under the Josephine
Butler United States Health Service Act.”.

(c) Denial of Deduction of Health Care Expenses as Trade or Business Expenses.—Section
162 of such Code (relating to trade or business expenses)
is amended by redesignating subsection (p) as subsection
(q) and by adding after subsection (o) the following new
subsection:

“(p) Payments for Health Care.—No deduction
shall be allowed under subsection (a) for any amount paid
for health care services (other than any amount of tax im-
posed by section 59B and paid by the employer on behalf
of his employees) which an individual was eligible to re-
ceive under title II of the Josephine Butler United States
Health Service Act.”.

(d) Denial of Deduction for Contributions to
Certain Medical and Hospital Facilities.—

(1) Paragraph (2) of section 170(c) of such
Code (relating to charitable, etc., contributions and
gifts) is amended by inserting “(other than an orga-
ization described in subsection (b)(1)(A)(iii))” after
“(2) A corporation, trust, or community chest, fund,
or foundation”.

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(2) Subsection (e) of section 501 of such Code (relating to cooperative hospital service organizations) is amended by striking the last sentence.

(e) Denial of Deduction for Medical, Dental, etc., Expenses.—

(1) Section 213 of such Code (relating to medical, dental, etc., expenses) is repealed.

(2) The table of sections of part VII of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 213.

(f) Hospital Insurance Tax.—

(1) Subsection (b) of section 1401 of such Code (relating to rate of tax on self-employment income) is repealed.

(2) Subsection (b) of section 3101 of such Code (relating to rate of tax on employees under the Federal Insurance Contributions Act) is repealed.

(3) Section 3201(a) of such Code (relating to rate of tax imposed on employees under the Railroad Retirement Tax Act) is amended by striking “the sum of the rates of tax in effect under subsections (a) and (b) of section 3101” and inserting “the rate of tax in effect under section 3101(a)”.

(4) Section 3211(a)(1) of such Code (relating to rate of tax on employee representatives under the
Railroad Retirement Tax Act) is amended by striking “subsections (a) and (b)” the first place it appears and inserting “subsection (a)”.

(5) Subsection (e) of section 6051 of such Code (relating to railroad employees) is repealed.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning on or after the effective date of health services.

SEC. 503. EXISTING EMPLOYER-EMPLOYEE HEALTH BENEFIT PLANS.

No contractual or other nonstatutory obligation of any employer to pay for or provide any health care and supplemental service to his present and former employees and their dependents and survivors, or to any of such persons, shall apply on and after the effective date of health services to the extent such individuals are eligible to receive such health care and supplemental services under this Act.

SEC. 504. WORKERS COMPENSATION PROGRAMS.

No workers compensation program, whether established pursuant to Federal or State law or private initiative, shall pay for or provide any health care and supplemental services on and after the effective date of health services, to the extent such health care and supplemental services are available under this Act.
Subtitle B—Health Service Trust Fund

SEC. 511. ESTABLISHMENT OF HEALTH SERVICE TRUST FUND.

(a) Establishment.—There is hereby created on the books of the Treasury of the United States a trust fund to be known as the Health Service Trust Fund (in this title referred to as the “Trust Fund”). The Trust Fund shall consist of such gifts and bequests as may be made to the Service and such amounts as may be deposited in, or appropriated to, such fund as provided in this subtitle.

(b) Appropriation.—There is hereby appropriated to the Trust Fund for each fiscal year beginning in the fiscal year in which the effective date of health services (as defined in title VI) falls, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, an amount equal to 100 percent of expected net receipts from the taxes imposed by sections 59B and 3111(b) of the Internal Revenue Code of 1986 (as estimated by the Secretary of the Treasury). The amount appropriated by the preceding sentence shall be transferred from time to time from the general fund in the Treasury to the Trust Fund in such smaller amounts to be determined on the basis of estimates by the Secretary of the
Treasury of the receipts specified in the preceding sentence; and proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or were less than the receipts specified in such sentence.

SEC. 512. TRANSFER OF FUNDS TO THE HEALTH SERVICE TRUST FUND.

(a) Of Medicare Trust Funds.—On the effective date of health services, there are transferred to the Trust Fund all of the assets and liabilities of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund.

(b) Additional Amounts.—In addition to the sums appropriated by section 511(b), there is appropriated to the Trust Fund for each fiscal year, out of any moneys in the Treasury not otherwise appropriated, a governmental contribution equal to 40 percent of the sums appropriated by section 511(b) for such fiscal year. There shall be deposited in the Trust Fund all recoveries of overpayments, and all receipts under loans or other agreements entered into, under this Act.

SEC. 513. ADMINISTRATION OF HEALTH SERVICE TRUST FUND.

(a) Board of Trustees.—With respect to the Trust Fund, there is hereby created a body to be known
as the Board of Trustees of the Trust Fund (in this section referred to as the “Board of Trustees”) composed of the Secretary of the Treasury, the Secretary of Health and Human Services, and the Chairperson of the National Health Board, all ex officio. The Secretary of the Treasury shall be the Managing Trustee of the Board of Trustees (in this section referred to as the “Managing Trustee”). The Chairperson of the National Health Board shall serve as the Secretary of the Board of Trustees. The Board of Trustees shall meet not less frequently than once each calendar year. It shall be the duty of the Board of Trustees to—

(1) hold the Trust Fund;

(2) report to the Congress not later than the first day of April of each year on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the current fiscal year and the next 2 fiscal years;

(3) report immediately to the Congress whenever the Board is of the opinion that the amount of the Trust Fund is unduly small; and

(4) review the general policies followed in managing the Trust Fund, and recommend changes in such policies, including necessary changes in the
provisions of law which govern the way in which the
Trust Fund is to be managed.

The report provided for in paragraph (2) shall include a
statement of the assets of, and the disbursements made
from, the Trust Fund during the preceding fiscal year,
an estimate of the expected income to, and disbursements
to be made from, the Trust Fund during the current fiscal
year and each of the next 2 fiscal years, and a statement
of the actuarial status of the Trust Fund. Such report
shall be printed as a House document of the session of
the Congress to which the report is made.

(b) INVESTMENT.—It shall be the duty of the Man-
aging Trustee to invest such portion of the Trust Fund
as is not, in his judgment, required to meet current with-
drawals. Such investments may be made only in interest
bearing obligations of the United States or in obligations
guaranteed as to both principal and interest by the United
States. For such purpose such obligations may be acquired
(1) on original issue at the issue price, or (2) by purchase
of outstanding obligations at the market price. The pur-
poses for which obligations of the United States may be
issued under the Second Liberty Bond Act, as amended,
are hereby extended to authorize the issuance at par of
public debt obligations for purchase by the Trust Fund.
(c) Issuance of Obligations.—Any obligations acquired by the Trust Fund (except public debt obligations issued exclusively to the Trust Fund) may be sold by the Managing Trustee at the market price, and such public debt obligations may be redeemed at par plus accrued interest.

(d) Payment of Interest.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

(e) Payments.—The Managing Trustee shall pay from time to time from the Trust Fund such amounts as the National Health Board certifies are necessary to carry out this Act.

Subtitle C—Preparation of Plans and Budgets

SEC. 521. DETERMINATION OF FUND AVAILABILITY.

(a) Maximum Funds.—

(1) Fixing.—The National Health Board shall, not later than January 1 of each year, initially fix the maximum amount of funds which may (except as provided in subsection (c)) be obligated during the fiscal year beginning on October 1 of such year for expenditure from the Trust Fund.
(2) LIMITATION.—Such amount shall not exceed for a fiscal year the lesser of—

(A) 140 percent of the expected net receipts during the fiscal year (as estimated by the Secretary of the Treasury) from the taxes imposed by sections 59 and 3111(b) of the Internal Revenue Code of 1986;

(B) the amount of the aggregate obligations that the National Health Board determines were (or will be) incurred by the Service from the Trust Fund during the previous fiscal year, adjusted to reflect changes in the cost of living, in the number of users, and in the capacity of the Service to provide services under this Act; or

(C) the amount fixed under subsection (b).

(3) REFIXING.—The National Health Board may at any time refix such amount to reflect changes—

(A) of one percent or more in the expected net tax receipts (described in paragraph (2)(A)); or

(B) of five percent or more in the cost of living, number of users, or the capacity of the Service to provide services under this Act.
The National Health Board shall promptly report to Congress any increase made in such amount and the reasons therefor.

(b) LESSER AMOUNT.—The National Health Board shall fix in a fiscal year an amount, which the maximum amount described in subsection (a)(1) may not exceed in the fiscal year, which is less than the amount described in subsection (a)(2)(A) if the Board determines that—

(1) restriction of the amount to be made available for obligation will not materially impair the adequacy or quality of health care and supplemental services provided to users, or

(2) improvement in the organization, delivery, or utilization of such services has lessened their aggregate cost (or increase in such cost).

(e) OBLIGATION.—The National Health Board may obligate for expenditure from the Trust Fund, in addition to the maximum amount which may be obligated in a fiscal year under subsection (a), such funds as are necessary to provide health care and supplemental services needed because of an epidemic, disaster, or other occurrence which was not, and could not have been, reasonably planned for by the Board and for which the contingency fund provided in section 532(b)(7) is insufficient. The National Health Board shall promptly report to Congress any
obligation made pursuant to this subsection and the reasons therefor.

(d) Obligation of Borrowed Amounts.—In addition to the maximum amounts which may be obligated pursuant to subsection (a), the National Health Board may allocate funds borrowed in accordance with section 541 for such purposes as it deems necessary and appropriate.

SEC. 522. PREPARATION OF REGIONAL BUDGETS.

(a) Population Need.—In preparing its annual budget the National Health Board, in coordination with its local and regional authorities, shall determine the projected per capita health expenditures for each region, based on the evaluation of health care needs described in this Act.

(b) Budget Breakdowns.—In preparing its annual budget the National Health Board shall specify its operating, prevention, capital, and research expenses anticipated for the fiscal year covered by the budget and for the 5-year period beginning with such fiscal year for each such region.
Subtitle D—Allocation and Distribution of Funds

SEC. 531. NATIONAL BUDGET.

(a) PREPARATION.—The National Health Board shall prepare, taking into consideration the budgets prepared under section 522, as soon after April 1 of each year as is practicable, a national health budget for the fiscal year beginning on October 1 of such year. Such budget shall divide the total funds available for obligation in such year, as determined under section 521, into funds for—

(1) ordinary operating expenses;
(2) preventive health measures, and which measures shall include primary prevention to improve the conditions under which people live that affect health status;
(3) capital expenses;
(4) research expenses; and
(5) special operating expenses, as described in section 532.

(b) ORDINARY OPERATING EXPENSES.—Funds for ordinary operating expenses, for preventive health measures, and for research expenses shall be divided among regions in the proportion which the number of residents in each region bears to the total population of the Nation, adjusted for population need as defined in this Act.
(c) CAPITAL EXPENSES.—Funds for capital expenses shall be allocated, to the extent consistent with the efficient and equitable use of resources, except that during the first 10 fiscal years following the effective date of health services, priority shall be given to regions lacking adequate health care facilities on such effective date.

SEC. 532. SPECIAL OPERATING EXPENSE FUND.

(a) IN GENERAL.—A fund for special operating expenses shall be incorporated into each budget prepared by the National Health Board. For the purposes of this title, the term “special operating expenses” means operating expenses associated with—

(1) the care and treatment of users 65 years of age or older;

(2) the care and treatment of persons confined to full-time residential care institutions, including nursing homes and facilities for the treatment of mental illness;

(3) the special health care needs of low-income users;

(4) the special health care needs of communities of color that experience disparities in health status compared to white populations;
(5) the special health care needs of residents of rural or frontier areas, or noncontiguous States and territories;

(6) special health care needs arising from environmental or occupational health conditions;

(7) special health care needs arising from unexpected occurrences, including epidemics and natural disasters; and

(8) the conduct of environmental health inspection and monitoring services.

(b) ALLOCATION.—The special operating expense fund shall be allocated as follows:

(1) Funds for the additional operating expenses associated with the care and treatment of users 65 years of age or older shall be allocated and shall consist of uniform basic capitation amounts multiplied by the number of residents 65 years of age or older in the respective areas. The basic capitation amounts for areas shall be determined by the National Health Board, based upon studies of the additional operating expenses associated with the care and treatment of such residents in such areas.

(2) Funds for the additional operating expenses associated with the care and treatment of persons confined to full-time residential care institutions
shall be allocated and shall consist of a uniform basic capitation amount for each kind of institution, multiplied by the number of residents in such institutions in the respective areas. The basic capitation amounts shall be determined by the National Health Board, based upon studies of the additional operating expenses associated with the care and treatment of such persons and the maintenance of such institutions.

(3) Funds shall be allocated to areas for the additional operating expenses associated with the special health care needs of low-income persons. Such payments shall be allocated in proportion to the number of residents in these areas having incomes below the poverty level (as defined by the Secretary of Commerce). The total funds allocated for this purpose shall be no less than 2 percent of the ordinary operating expense funds allocated in accordance with section 531(a).

(4) Funds shall be allocated for the additional operating expenses associated with the special health care needs of communities of color to the extent that they experience disparities in health status compared to white populations. The basic capitation amounts shall be determined by the National Health Board,
based upon studies of the additional operating expenses associated with providing the necessary or appropriate health services for communities of color, and the additional expenses associated with eliminating such disparities in health status.

(5) Funds for the additional operating expenses associated with the special health care needs of residents of rural or frontier areas, or noncontiguous States and territories, shall be allocated to communities serving areas of low population density and shall consist of basic capitation amounts multiplied by the number of residents in the respective areas. The basic capitation amounts shall be determined by the National Health Board based upon studies of the additional operating expenses associated with the provision of health care in areas of low population density or extreme geographic access barriers, or both.

(6) Funds for the additional operating expenses associated with special regional health care needs arising from environmental and occupational health problems shall be allocated by the National Health Board in accordance with its determination of such special needs. The total funds allocated for this purpose shall be no greater than \( \frac{1}{2} \) of 1 percent of the
ordinary operating expense funds allocated in accordance with section 531(a).

(7) Funds for the additional operating expenses associated with special health care needs arising from unexpected occurrences shall be retained by the National Health Board in a contingency fund and shall be allocated by the National Health Board in accordance with its determination of such needs. The total funds retained for this purpose in any one fiscal year shall be no greater than $\frac{1}{2}$ of 1 percent of the ordinary operating expense funds allocated in such year in accordance with section 531(a).

(8) Funds for the additional operating expenses associated with the conduct of environmental health inspection and monitoring services shall be allocated by the National Health Board for providing such services.

**SEC. 533. DISTRIBUTION OF FUNDS.**

(a) In General.—Funds allocated under the national health budget shall be distributed by the National Health Board from the Trust Fund. Participating providers may not request or receive funds from any other source.

(b) Payments and Expenditures.—All payments shall be expended in accordance with the budget adopted
under section 531. If the budget for any fiscal year is not adopted before the beginning of the fiscal year, until such budget is adopted the National Health Service shall continue to receive ordinary operating expense funds, prevention expense funds, and research expense funds at the rate at which it was receiving such funds during the preceding fiscal year, and it shall receive special operating expense funds in accordance with section 532.

(e) Accounts.—The National Health Board shall maintain separate accounts for—

(1) funds for operating expenses, including ordinary operating expenses and special operating expenses;

(2) funds for preventive health measures;

(3) funds for capital expenses; and

(4) funds for research expenses.

Funds in a capital expense account shall be expended only for capital expenses. Funds in a research expense account shall be expended only for operations, equipment, and facilities for health and health care delivery research conducted in accordance with subtitle C of title IV. Separate accounts shall not be required for funds for ordinary operating expenses and for special operating expenses.
(d) Payment Frequency.—Service providers under this Act shall be paid at such time or times as the National Health Board finds appropriate.

(e) Allocation of Supplementary Payments.—Before and during any fiscal year, supplementary funds may be allocated to any Service provider if the National Health Board finds that such funds are required by events occurring or information acquired after the initial allocations were made.

(f) Use of Funds.—Service providers may retain funds received from the National Health Board for 2 years following the receipt of such funds. Any funds which are unexpended after such time shall be returned to the National Health Board for deposit in the Trust Fund.

SEC. 534. Annual Statement, Records, and Audits.

(a) Annual Statement.—Each Service provider shall prepare annually and transmit to the National Health Board a statement which shall accurately show its financial operations and for the year for which such statement is prepared.

(b) Recordkeeping.—Each Service provider shall keep such records as determined to be necessary for the purposes of this Act, including for the facilitation of audits.
(c) AUDITS.—The National Health Board and the Comptroller General of the United States, or their duly authorized representatives, shall, for the purpose of audits, have access to any books, documents, papers, and records which in their opinion are related or pertinent to the operation of the Service.

Subtitle E—General Provisions

SEC. 541. ISSUANCE OF OBLIGATIONS.

(a) BORROWING AUTHORITY.—The National Health Board is authorized to borrow money and to issue and sell such obligations as it determines necessary to carry out the purposes of this Act, but only in such amounts as may be specified from time to time in appropriation Acts. The aggregate amount of any such obligations outstanding at any one time shall not exceed $10,000,000,000.

(b) PLEDGING OF ASSETS.—The National Health Board may pledge the assets of the Trust Fund and pledge and use its revenues and receipts for the payment of the principal of or interest on such obligations, for the purchase or redemption thereof, and for other purposes incidental thereto. The National Health Board is authorized to enter into binding covenants with the holders of such obligations, and with the trustee, if any, under any agreement entered into in connection with the issuance
thereof with respect to the establishment of reserve, sinking, and other funds, stipulations concerning the issuance of obligations or the execution of leases or lease purchases relating to properties of the Service and such other matters as the National Health Board deems necessary or desirable to enhance the marketability of such obligations.

(c) Form of Obligations.—Obligations issued by the Service under this section—

(1) shall be in such forms and denominations;

(2) shall be sold at such times and in such amounts;

(3) shall mature at such time or times;

(4) shall be sold at such prices;

(5) shall bear such rates of interest;

(6) may be redeemable before maturity in such manner, at such times, and at such redemption premiums;

(7) may be entitled to such relative priorities of claim on the assets of the Service with respect to principal and interest payments; and

(8) shall be subject to other terms and conditions, as the National Health Board determines.

(d) Character of Obligations.—Obligations issued by the Service under this section shall—
(1) be negotiable or nonnegotiable and bearer
or registered instruments, as specified therein and in
any indenture or covenant relating thereto;
(2) contain a recital that they are issued under
this section, and such recital shall be conclusive evi-
dence of the regularity of the issuance and sale of
such obligations and of their validity;
(3) be lawful investments and may be accepted
as security for all fiduciary, trust, and public funds,
the investment or deposit of which shall be under
the authority or control of any officer or agency of
the Government of the United States, and the Sec-
retary of the Treasury or any other officer or agency
having authority over or control of any such fidu-
ciary, trust, or public funds, may at any time sell
any of the obligations of the Service acquired under
this section;
(4) be exempt both as to principal and interest
from all taxation now or hereafter imposed by any
State or local taxing authority except estate, inherit-
ance, and gift taxes; and
(5) not be obligations of, nor shall payment of
the principal thereof or interest thereon be guaran-
teed by, the Government of the United States, ex-
cept as provided in subsection (g).
(c) Consultation With Treasury.—At least 15 days before selling any issue of obligations, the National Health Board shall advise the Secretary of the Treasury of the amount, proposed date of sale, maturities, terms and conditions, and expected maximum rates of interest of the proposed issue in appropriate detail and shall consult with him or his designee thereon. The Secretary may elect to purchase such obligations under such terms, including rates of interest, as he and the National Health Board may agree, but at a rate of yield no less than the prevailing yield on outstanding marketable Treasury securities of comparable maturity, as determined by the Secretary. If the Secretary does not purchase such obligations, the National Health Board may proceed to issue and sell them to a party or parties other than the Secretary upon notice to the Secretary and upon consultation as to the date of issuance, maximum rates of interest, and other terms and conditions.

(f) Purchase of Obligations.—Subject to the conditions of subsection (e), the National Health Board may require the Secretary of the Treasury to purchase obligations of the Service in such amounts as will not cause the holding by the Secretary of the Treasury resulting from such required purchases to exceed $2,000,000,000 at any one time. This subsection shall not be construed
as limiting the authority of the Secretary to purchase obligations of the Service in excess of such amount.

(g) Full Faith and Credit.—Notwithstanding subsection (d)(5), obligations issued by the Service shall be obligations of the Government of the United States, and payment of principal and interest thereon shall be fully guaranteed by the Government of the United States, such guaranty being expressed on the face thereof, if and to the extent that—

(1) the National Health Board requests the Secretary of the Treasury to pledge the full faith and credit of the Government of the United States for the payment of principal and interest thereon; and

(2) the Secretary, in his discretion, determines that it would be in the public interest to do so.

(h) Public Debt Transaction.—For the purpose of any purchase of the obligations of the Service, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the obligations of the Service under this subtitle.
The Secretary of the Treasury may, at any time, sell any of the obligations of the Service acquired by him under this chapter. All redemptions, purchases, and sales by the Secretary of the obligations of the Service shall be treated as public debt transactions of the United States.

SEC. 542. DEFINITIONS.

For purposes of this title:

(1) OPERATING EXPENSES.—The term “operating expenses” means the cost of providing, planning, operating, and maintaining services, facilities, programs, and boards (other than those associated with research) established or furnished under this Act, and of capital buildings and equipment (other than those associated with research) costing less than $100,000, except for funds associated with the conduct of preventive health measures and research.

(2) CAPITAL EXPENSES.—The term “capital expenses” means expenses which under generally accepted accounting principles are not properly chargeable as expenses of operation and maintenance, which exceed $100,000, and which are not associated primarily with the conduct of research.
TITLE VI—MISCELLANEOUS PROVISIONS

SEC. 601. EFFECTIVE DATE OF HEALTH SERVICES.

The effective date of health services under this Act is January 1 of the fourth calendar year after the year in which this Act is enacted.

SEC. 602. REPEAL OF PROVISIONS.

(a) IN GENERAL.—Effective on the effective date of health services, the following provisions of law are repealed:

(1) The Public Health Service Act, except for—

(A) title I (relating to short title and definitions), parts F and G of title III (relating to licensing and quarantine authority), and title XIV (relating to safety of public water systems); and

(B) titles VII and VIII, which shall remain effective, during the period beginning on such effective date and ending on the date occurring 4 years after such effective date, with respect to the provision of assistance to educational institutions, and students thereof, in areas which have not established health team schools under subtitle A of title III of this Act.
(2) Titles V, XVIII, XIX, and XXI of the Social Security Act (relating to the maternal and child health and crippled children’s services, Medicare, Medicaid, and State children’s health insurance program); part B of title XI of such Act (relating to professional standards review); sections 226, 1121 through 1124, and 1126 of such Act (relating to entitlement to hospital insurance benefits, uniform health reporting systems, limitation on Federal participation for capital expenditures, program for determining qualification for certain health care personnel, disclosure of ownership and related information, and disclosure of certain convictions); and so much of title XX of such Act (relating to grants to States for services) as provides for payments to States for health care and supplemental services.

(3) Chapter 89 of title 5, United States Code (relating to health insurance for Federal employees).

(4) Chapters 17, 73, and 81 and section 1506 of title 38, United States Code (relating to medical benefits and programs relating to veterans).

(5) Sections 1079 through 1083 and section 1086 of title 10, United States Code (relating to the civilian health and medical program of the uniformed services).
(6) The Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970; the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act Amendments of 1974; and section 4 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (relating to medical treatment of narcotic addiction).


(9) Sections 232 and 242 and title XI of the National Housing Act (relating to mortgage insurance for nursing homes, hospitals, and group practice facilities).


(13) Titles I and II and section 301 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801, 4811, 4821) (relating to grant programs for lead-based paint poisoning prevention).


(15) Subsection (e) of section 20 and section 22 of the Occupational Safety and Health Act of 1970 (relating to the National Institute for Occupational Safety and Health).

(b) PREPARATION OF ADDITIONAL LIST.—

(1) IN GENERAL.—Not later than three years after the date of enactment of this Act, the President shall prepare, in consultation with the appropriate National Health Board, and transmit to Congress legislation—

(A) to repeal or amend such provisions of law as are inconsistent with the purposes of this Act or the provision of health care and supplemental services by the Service under this Act; and
(B) to make such conforming and technical
amendments in provisions of law as may be nec-
essary to properly effect the repeal of provisions
described in subsection (a) and the repeal or
amendment of provisions described in subpara-
graph (A) of this paragraph.

(2) TRANSFER AUTHORITY.—Such legislation
shall include the transfers of such authority of the
Secretary of Health and Human Services under the
provisions of—

(A) the Controlled Substances Act;

(B) chapter 175 of title 28, United States
Code (relating to civil commitment and rehabili-
tation of narcotics addicts);

(C) chapter 314 of title 18, United States
Code (relating to sentencing of narcotic addicts
to commitment for treatment);

(D) the Narcotic Addict Rehabilitation Act
of 1966;

(E) the Drug Abuse Office and Treatment
Act of 1972;

(F) the Occupational Safety and Health
Act of 1970;

(G) the Lead-Based Paint Poisoning Pre-
vention Act;
(H) the Federal Cigarette Labeling and Advertising Act;

(I) the Federal Food, Drug, and Cosmetic Act;

(J) the Fair Packaging and Labeling Act;

(K) the Act of March 4, 1923 (21 U.S.C. 61–64) (relating to filled milk);

(L) the Act of February 15, 1927 (21 U.S.C. 141–149) (relating to milk importation);

(M) the Federal Caustic Poison Act;

(N) the Federal Coal Mine Health and Safety Act of 1969 (other than title IV there-
of); and

(O) the Solid Waste Disposal Act,
to the Service as the President determines, after consultation with the National Health Board, to be appropriate.

(c) REVIEW OF PROGRAMS.—

(1) IN GENERAL.—The National Health Board shall, immediately upon its initial appointment, and in consultation with the Secretary of Health and Human Services, review the programs conducted under the specified provisions of the Public Health Service Act and the other Acts described in sub-
section (a) and shall determine how the Service shall carry out the purposes of such programs.

(2) INITIAL REPORT.—Not later than one year after the effective date of health services, the National Health Board shall report to the President and to the Congress on how the Service is carrying out the purposes of the programs authorized to be conducted under provisions of law which are repealed by subsection (a) (other than paragraph (1)(B) thereof).

(3) LATER REPORT.—Not later than 5 years after the effective date of health services, the National Health Board shall report to the President and to the Congress on how the Service is carrying out the purposes of programs described in subsection (a)(1)(B).

(d) CODIFICATION PROPOSAL.—Not later than 2 years after the effective date of health services, the National Health Board shall transmit to Congress a proposed codification of all the provisions of law which contain functions that are transferred or relate to the Service.

SEC. 603. TRANSITION PROVISIONS.

(a) TRANSFER OF APPROPRIATIONS.—Amounts appropriated to carry out the purposes of any provisions of law repealed by this Act and available on the effective date
of such repeal shall be transferred on such date to the
Health Service Trust Fund (established under section 511
of this Act).

(b) TRANSFER OF PERSONNEL, ASSETS, ETC.—The
President is authorized to transfer so much of the posi-
tions, personnel, assets, liabilities, contracts, property, and
records employed, held, used, arising from, available to or
made available in connection with the functions or pro-
grams repealed by this Act to the Service as may be
agreed upon by the President and the National Health
Board.

(c) LAPSES OF OFFICES.—In the case where the au-
thority for the establishment of any office or agency, or
all the functions of such office or agency, are repealed
under section 602, such office or agency shall lapse.

(d) APPLICATION OF AMENDMENTS.—The amend-
ments made by section 602—

(1) shall not apply with respect to any contract
entered into before the effective date of such amend-
ments, and

(2) shall not affect (A) any right or obligation
arising out of any matter occurring before the effec-
tive date of such amendments, or (B) any adminis-
trative or judicial proceeding (whether or not initi-
ated before that date) for the adjudication or enforce-ment of any such right or obligation.

SEC. 604. AMENDMENT TO BUDGET AND ACCOUNTING ACT.

(a) HEALTH SERVICE BUDGET.—Section 1105 of title 31, United States Code, is amended by adding at the end the following new subsection:

“(h) The Budget transmitted pursuant to subsection (a) shall set forth the items enumerated in paragraphs (4) through (9) and (12) of subsection (a) with respect to expenditures from and appropriations to the Health Service Trust Fund (established under section 511 of the Jose- phine Butler United States Health Service Act) separately from such items with respect to expenditures and appro- priations relating to other operations of the Government.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to fiscal years beginning more than 1 year after the date of enactment of this Act.

SEC. 605. SEPARABILITY.

If any provision of this Act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.