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

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

Strike all after the enacting clause and insert the following:

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

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

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

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

**TITLE I—ELIGIBILITY AND BENEFITS**

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

**TITLE II—FINANCES**

## Subtitle A—Budgeting and Payments

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

## Subtitle B—Funding

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

## Subtitle C—Revenue Provisions

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

## TITLE III—ADMINISTRATION

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

## TITLE IV—ADDITIONAL PROVISIONS

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

## TITLE V—GENERAL EFFECTIVE DATE

- Sec. 501. Effective date.

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

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

5       (d) PURPOSE.—

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

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

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

10           In this section and titles I through V:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (1) Hospitalization.

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

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

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

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

3 (5) Prescription drugs.

4 (6) Rehabilitative and habilitative services.

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

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

12 (9) Maternity care.

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

18 (11) Long-term care.

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

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

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

2 (a) **QUALITY STANDARDS.—**

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

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

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

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

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

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

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

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

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

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

16 **TITLE II—FINANCES**

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

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

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

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

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

4 (B) a capital expenditures budget;

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

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

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

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

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

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

5 (2) global budgets for institutional providers;

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

8 (4) administration of the Program.

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

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

13 (2) for major equipment purchases.

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

17 (1) for operations for capital expenditures; or

18 (2) for capital expenditures for operations.

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

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

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

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

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

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

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

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

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

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

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

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

20

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

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

5 (3) BUDGET APPROVAL PROCESS.—

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

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

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

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

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

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

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

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

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

10 (5) ACCOMMODATION FOR EMERGENCY CARE.—

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

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

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

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

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

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

9 (2) FEE FOR SERVICE.—

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

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

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

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

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

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

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

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

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

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

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

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

21 (4) SALARIES WITHIN CAPITATED GROUPS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (b) PRESCRIPTION DRUG FORMULARY.—

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

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

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

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

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

13                                   **Subtitle B—Funding**

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

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

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

22          (c) FUNDING.—

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

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

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

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

8 (A) vastly reducing paperwork;

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

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

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

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

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

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

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

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

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

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

5 (b) AMOUNTS SPECIFIED.—

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

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

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

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

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

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

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

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

## 8 **Subtitle C—Revenue Provisions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14                   “(ii) \$525,000,000,000.

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

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

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

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

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

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

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

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

16          “(e) INFLATION ADJUSTMENTS.—

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

21                         “(A) such dollar amount, multiplied by

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

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

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

7           “(f) SPECIAL RULES.—

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

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

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

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

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

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

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

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

“SUBPART B. SURCHARGE ON HIGH INCOME INDIVIDUALS.”

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 11 **TITLE III—ADMINISTRATION**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 (a) ESTABLISHMENT.—

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

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

14 (A) Health care professionals.

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

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

19 (D) Representatives of labor unions.

20 (E) Citizen patient advocates.

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

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

5           (b) DUTIES.—

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

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

12                   (A) Access to care.

13                   (B) Quality improvement.

14                   (C) Efficiency of administration.

15                   (D) Adequacy of budget and funding.

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

18                   (F) Capital expenditure needs.

19                   (G) Long-term care.

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

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

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

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

3 (A) appropriate staffing levels;

4 (B) appropriate medical technology;

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

7 (D) best practices; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



