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HR 2530

**THE NATIONAL HEALTH CARE AND COST CONTAINMENT ACT**

Representative Bernard Sanders

Virtually everyone agrees on the need for changes in our health care system. The real disagreement comes when specific approaches to reform are discussed. We hear many excuses for our failure to tackle this crisis. Some claim that the public will not accept a single grand plan imposed by Washington, and that we should let the states serve as laboratories. Others argue that only an incremental approach can hope to make it through the political logjam of reform proposals. Still others argue that tinkering with the existing patchwork system will not address the explosion in health spending or deal with the current misallocation of our health care resources.

HR 2530 is founded on the proposition that the national crisis in health care can be solved if Congress legislatively and financially enables the states to do so. The legislatures of many states are ready to take the lead.

HR 2530 enables the states to initiate systems of universal, comprehensive health care insurance along the lines of the Canadian health insurance system.

The purpose of the bill is to empower the states to serve as laboratories in solving the crisis in our nation's health care. It will enable demonstration projects in the states of single payer health care systems, without committing all 250 million Americans' health care to it before it is fully tested in the U.S.

These state demonstration programs will show that through savings realized by implementation of a single-payer system, universal coverage for physician, hospitalization, nursing home, and long term care services can be achieved without any increase in total National Health Expenditure.

KEY POINTS OF HR 2530

\* HR 2530 provides financial assistance and legal authority to enable states to adopt single-payer, universal and comprehensive health care plans, which will provide health care to all their citizens without out-of-pocket expense.

\* This proposal, modelled after the Canadian health care system, preserves full freedom of choice for all citizens in their selection of physicians and hospitals. Doctors remain independent and may earn income on a fee-for-service, per-capita or other basis.

\* The plan of each participating state must provide that each resident be insured for all medically necessary health care, with state reimbursements of doctors and hospitals representing payment in full. Individuals will not pay any deductibles or co-payments for insured services. Nor will they be charged any insurance or Medicare premiums. People may still pay out-of-pocket expenses or obtain private health insurance for services which are not medically necessary and not insured by the state plan, such as cosmetic surgery or private hospital rooms.

\* Each participating state, having met five minimum criteria, is free to design the details of its own health care insurance plan through its legislative process, as is done in Canada. The five minimum criteria are:

- 1) **Single-payer public administration** - each state program must be administered and operated by a single non-profit authority appointed or designated by the state government
- 2) **Comprehensiveness** - the plan must insure all medically necessary services provided by hospitals, doctors and dentists, as well as home care, long-term care and mental health services
- 3) **Universality** - all residents of the state must be insured for all insured health services
- 4) **Portability** - benefits must be available to all bona fide residents of the state and must provide for payments for insured services for residents when they are temporarily out-of-state
- 5) **Accessibility** - the plan must not impede reasonable access to health care services on uniform terms for all

#### FINANCING HR 2530

The single payer system eliminates waste and contains health care costs through mandated "global budgets" for hospitals and nursing homes, and through negotiated physicians' reimbursement caps which are comprehensive and binding. The General Accounting Office (GAO) recently estimated that a single-payer, Canadian-style system could save Americans at least \$67 billion a year by eliminating unnecessary billing, paperwork and administrative costs -- sufficient to cover all Americans who are presently uninsured.

State health care plans will be financed by both federal and state dollars. A federal block grant, which would include present Medicare and Medicaid funds as well as new money raised by a progressive income surtax (ranging from 0 to 2% of income), would cover approximately 35% of total health expenditures. States would be free to implement their own tax systems (e.g. income, payroll, resource, or other) to raise their share, and would keep the enormous savings in administration due to eliminating the present costs of billing by over 1500 health insurance providers.