

110TH CONGRESS  
1ST SESSION

# H. R. 3000

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.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 11, 2007

Ms. LEE (for herself, Mr. PAYNE, Mr. KUCINICH, and Mrs. CHRISTENSEN) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Education and Labor 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

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## 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 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Josephine Butler United States Health Service Act”.

1 (b) TABLE OF CONTENTS.—The table of contents of  
2 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

- Sec. 101. Establishment of the Service.
- Sec. 102. Appointment of the National Health Board.
- Sec. 103. Powers and duties of the National Health Board.
- Sec. 104. Representation in local and regional authorities.
- Sec. 105. Public accountability and financial disclosure.
- Sec. 106. Inspector General for Health Services.
- Sec. 107. Establishment of health care delivery regions.

TITLE II—DELIVERY OF HEALTH CARE AND SUPPLEMENTAL SERVICES

Subtitle A—Patients’ Rights in Health Care Delivery

- Sec. 201. Basic health rights.
- Sec. 202. Right to paid leave to receive health care services.

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

- Sec. 211. Eligibility for services.
- Sec. 212. Entitlement to services.
- Sec. 213. Provision of health care and supplemental services.

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.
- Sec. 222. Operation and inspection of health care facilities.
- Sec. 223. Provision of health services relating to reproduction and childbearing.

TITLE III—HEALTH LABOR FORCE

Subtitle A—Job Categories and Certification

- Sec. 301. Effect of State law.
- Sec. 302. Qualifications of health workers.
- Sec. 303. Establishment of job categories and certification standards.

Subtitle B—Education of Health Workers

- Sec. 311. Health team schools.
- Sec. 312. Service requirement.
- Sec. 313. Payment for certain educational loans.

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.
- Sec. 323. Applicability of Federal labor-management relations laws.
- Sec. 324. Defense of certain malpractice and negligence suits.

#### TITLE IV—OTHER FUNCTIONS OF HEALTH BOARDS

##### Subtitle A—Advocacy, Grievance Procedures, and Trusteeships

- Sec. 401. Advocacy and legal services program.
- Sec. 402. Grievance procedures.

##### Subtitle B—Occupational Safety and Health Programs

- Sec. 411. Functions of the National Health Board.
- Sec. 412. Community Occupational Safety and Health Activities.
- Sec. 413. Workplace health facilities.
- Sec. 414. Employee rights relating to Occupational Safety and Health.
- Sec. 415. Definitions.

##### 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.
- Sec. 433. Miscellaneous Functions of the National Health Board.

#### TITLE V—FINANCING OF THE SERVICE

##### Subtitle A—Health Service Taxes

- Sec. 501. Individual and corporate income taxes.
- Sec. 502. Other changes in the Internal Revenue Code of 1986.
- Sec. 503. Existing employer-employee health benefit plans.
- Sec. 504. Workers compensation programs.

##### Subtitle B—Health Service Trust Fund

- Sec. 511. Establishment of Health Service Trust Fund.
- Sec. 512. Transfer of funds to the Health Service Trust Fund.
- Sec. 513. Administration of Health Service Trust Fund.

##### 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.

## TITLE VI—MISCELLANEOUS PROVISIONS

- Sec. 601. Effective date of Health Services.  
Sec. 602. Repeal of provisions.  
Sec. 603. Transition provisions.  
Sec. 604. Amendment to Budget and Accounting Act.  
Sec. 605. Separability.

**1 SEC. 2. FINDINGS.**

2 The Congress makes the following findings:

3 (1) The health of the Nation's people is a foun-  
4 dation of their well-being.

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

7 (3) Many of the Nation's people are unable  
8 fully to exercise this right because of the inability of  
9 the present health care delivery system to make high  
10 quality health care available to all individuals re-  
11 gardless of race, sex, age, national origin, income,  
12 marital status, sexual orientation, religion, political  
13 belief, place of residence, employment status, or pre-  
14 vious health status.

15 (4) The present health care system has failed to  
16 provide financial coverage for health care services  
17 for more than forty million Americans, and the per-  
18 cent lacking such coverage grows each year.

19 (5) The present health care system has failed to  
20 provide for sufficient effective preventive measures

1 that would address the deterioration in occupational,  
2 environmental, and social conditions affecting the  
3 health of the people of this Nation.

4 (6) Unnecessary and excessive profits and ad-  
5 ministrative expenses have inflated the cost of health  
6 care.

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

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

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

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

22 **SEC. 3. PURPOSES.**

23 The purposes of this Act are as follows:

24 (1) To create a United States Health Service to  
25 provide without charge to all residents, regardless of

1 race, sex, age, national origin, income, marital sta-  
2 tus, sexual orientation, religion, political belief, place  
3 of residence, employment status, or previous health  
4 status, comprehensive health care services delivered  
5 by salaried health workers and emphasizing the pro-  
6 motion and maintenance of health as well as the  
7 treatment of illness.

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

10 (3) To provide health workers in the Service  
11 with fair and reasonable compensation, secure em-  
12 ployment, opportunities for full and equal participa-  
13 tion in the governance of health facilities, and oppor-  
14 tunities for advancement without regard to race, sex,  
15 age, national origin, sexual orientation, religion, or  
16 political belief.

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

20 (5) To overcome present disparities in health  
21 and access to health care resources, especially for  
22 currently underserved innercity and rural popu-  
23 lations, minority groups, prisoners, and occupational  
24 groups, by redistributing health care resources to

1 underserved populations, and by enhancing public  
2 health and preventive health services.

3 (6) To finance the Service through progressive  
4 taxation of individuals and employer contributions,  
5 and to distribute these revenues on a capitation  
6 basis, supplemented by allocations to meet special  
7 health care needs.

8 **SEC. 4. DEFINITIONS.**

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

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

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

19 (A) any employee of the Service; and

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

1 (3) INDIRECT PROVIDER OF HEALTH CARE.—

2 The term “indirect provider of health care” means  
3 an individual who—

4 (A) receives (either directly or through his  
5 or her spouse) more than  $\frac{1}{10}$  of his or her  
6 gross annual income from any one or combina-  
7 tion of—

8 (i) fees or other compensation for pro-  
9 vision of, research into, or instruction in,  
10 the provision of health care,

11 (ii) entities engaged in the provision  
12 of health care or in such research or in-  
13 struction,

14 (iii) producing or supplying drugs,  
15 medical equipment, or other articles for in-  
16 dividuals or entities for use in the provi-  
17 sion of or in research into or instruction in  
18 the provision of health care, or

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

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



1           (C) is engaged in issuing any policy or con-  
2           tract of individual or group health insurance or  
3           hospital or medical service benefits.

4           (4) NATIONAL HEALTH BOARD.—The term  
5           “National Health Board” means the National  
6           Health Board of the Service.

7           (5) SERVICE.—The term “Service” means the  
8           United States Health Service established in section  
9           101.

10          (6) SERVICE-RELATED TERMS.—

11           (A) HEALTH CARE SERVICES.—The term  
12           “health care services” means the services de-  
13           scribed in paragraphs (1) through (5) of section  
14           213(a).

15           (B) SUPPLEMENTAL SERVICES.—The term  
16           “supplemental services” means the services de-  
17           scribed in paragraphs (1), (2), and (3) of sec-  
18           tion 213(b).

19           (7) USER.—The term “user” means an indi-  
20           vidual who is eligible under section 211 to receive  
21           health care services from the Service under this Act.

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

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

5 (a) IN GENERAL.—There is established, as an inde-  
6 pendent establishment of the executive branch of the  
7 United States, the United States Health Service.

8 (b) AUTHORITY.—

9 (1) NATIONAL HEALTH BOARD.—The authority  
10 of the Service shall be exercised by the National  
11 Health Board and, in accordance with this Act and  
12 guidelines established by such Board, by local and  
13 regional authorities affiliated with the Board.

14 (2) EMINENT DOMAIN AUTHORITY.—The Serv-  
15 ice shall have the authority, under the power of emi-  
16 nent domain, to acquire by condemnation under ju-  
17 dicial process real estate for the Service for public  
18 purposes whenever it is necessary or advantageous  
19 to do so.

20 (c) ADMINISTRATION.—The Board shall implement  
21 administrative measures as necessary to assure the equi-  
22 table distribution and allocation of health care resources  
23 and services.

24 (d) ACCOUNTABILITY AND CONTROL.—The Board  
25 shall establish mechanisms to assure accountable, rep-

1 resentative and democratic governance of the Service and  
2 of health care facilities by health care users and workers,  
3 with limits on conflicts of interest as described in this Act.

4 **SEC. 102. APPOINTMENT OF THE NATIONAL HEALTH**  
5 **BOARD.**

6 The President shall, no later than 30 days after the  
7 date of the enactment of this Act, appoint 21 individ-  
8 uals—

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

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

12 (3) who approximate the Nation's population by  
13 race, sex, income, language, and region of residence,  
14 and approximate the percentage of rural and fron-  
15 tier populations; and

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

22 **SEC. 103. POWERS AND DUTIES OF THE NATIONAL HEALTH**  
23 **BOARD.**

24 The National Health Board shall—

1           (1) establish the boundaries of health care de-  
2           livery regions, in accordance with section 107;

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

9           (3) carry out such duties of the National  
10          Health Board as it deems necessary and consistent  
11          with the timetable given under this Act and the pur-  
12          poses of the Service; and

13          (4) provide for the recording of minutes of each  
14          of its meetings, and shall make such records avail-  
15          able to the public for inspection and copying.

16 **SEC. 104. REPRESENTATION IN LOCAL AND REGIONAL AU-**  
17 **THORITIES.**

18          The governing bodies of the local and regional au-  
19          thorities created pursuant to section 103(b) shall consist  
20          of representatives of users resident in their local area or  
21          region and representatives of health workers employed by  
22          the Service in their local area or region. Representatives  
23          of such users shall comprise the majority of such rep-  
24          resentatives and representatives of such health workers  
25          shall comprise a minority.

1 **SEC. 105. PUBLIC ACCOUNTABILITY AND FINANCIAL DIS-**  
2 **CLOSURE.**

3 (a) PROHIBITION OF CONFLICTS OF INTEREST.—

4 (1) IN GENERAL.—Individuals with direct or in-  
5 direct conflicts of interest shall not serve on health  
6 boards or authorities. Subject to paragraph (2), such  
7 conflicts may consist of ownership of, employment  
8 in, or other financial affiliation with any industry in  
9 a position to profit or otherwise benefit from the ac-  
10 tivities of the health board.

11 (2) EXCEPTION.—Paragraph (1) shall not  
12 apply to employment as a health worker by the Serv-  
13 ice as specified in this Act.

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

18 **SEC. 106. INSPECTOR GENERAL FOR HEALTH SERVICES.**

19 Within the United States Health Service there shall  
20 be an Office of the Inspector General for Health Services,  
21 to be headed by an Inspector General for Health Services,  
22 that shall have authority to ensure the effective operation  
23 of the services pursuant to this Act and to investigate and  
24 pursue any grievances against the National Health Board  
25 or its local authorities. The Inspector General shall have

1 the same authority as an Inspector General has under the  
2 Inspector General Act of 1978.

3 **SEC. 107. ESTABLISHMENT OF HEALTH CARE DELIVERY RE-**  
4 **GIONS.**

5 (a) ESTABLISHMENT OF HEALTH CARE DELIVERY  
6 REGIONS.—No later than 6 months after the appointment  
7 of members of the National Health Board, such Board  
8 shall establish, in accordance with this section, health care  
9 delivery regions throughout the United States.

10 (b) REQUIREMENTS FOR DELIVERY REGIONS.—Each  
11 health care delivery region shall meet the following re-  
12 quirements:

13 (1) The region shall be a contiguous geographic  
14 area appropriate for the effective governance, plan-  
15 ning, and delivery of all health care and supple-  
16 mental services under this Act for residents of the  
17 region.

18 (2) The region shall have a population of not  
19 less than 500,000 and of not more than 3,000,000  
20 individuals, except that—

21 (A) the population of a region may be  
22 more than 3,000,000 if the region includes a  
23 standard metropolitan statistical area (as deter-  
24 mined by the Office of Management and Budg-

1 et) with a population of more than 3,000,000;  
2 and

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

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

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

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

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

21 (c) MODIFICATION OF BOUNDARIES.—The National  
22 Health Board shall review the boundaries of regions no  
23 later than 2 years after each decennial national census,  
24 or upon receipt of and at such other times as it deems  
25 necessary, and may modify the boundary of any region

1 in which there has been a substantial shift of population  
2 justifying such modification or if such modification would  
3 better carry out the purposes of this Act, and if such modi-  
4 fication is approved in a referendum of residents in an  
5 area whose regional identification would be changed by  
6 making such modification.

7 (d) PROCESS.—At least 60 days prior to the estab-  
8 lishment of the boundaries of any region, or modification  
9 of the boundaries, the National Health Board shall col-  
10 laborate with its regional authorities to provide for—

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

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



1 **TITLE II—DELIVERY OF HEALTH**  
2 **CARE AND SUPPLEMENTAL**  
3 **SERVICES**

4 **Subtitle A—Patients’ Rights in**  
5 **Health Care Delivery**

6 **SEC. 201. BASIC HEALTH RIGHTS.**

7 The Service, in its delivery of health care services to  
8 users, shall ensure that every such individual is given the  
9 following basic health rights:

10 (1) The right to receive high quality health care  
11 and supplemental services from any facility within  
12 the Service capable of providing such services with-  
13 out charge and without discrimination on account of  
14 race, sex, age, religion, language, income, marital  
15 status, sexual orientation, dress, or previous health  
16 status.

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

20 (3) The right to have all medically necessary or  
21 appropriate health services delivered in a convenient  
22 and timely manner. Any decision to deny or post-  
23 pone such necessary or appropriate care shall be  
24 made only on the basis of temporary and reasonable  
25 limitations in the availability of service personnel

1 and physical facilities. Users shall have the oppor-  
2 tunity for timely and effective appeal of any decision  
3 to deny or postpone care.

4 (4) The right to choose the health workers who  
5 shall be responsible for, and the health facilities in  
6 which to receive, the individual's health care serv-  
7 ices.

8 (5) The right of access to all information, in-  
9 cluding the individual's health records and the med-  
10 ical dictionary produced under section 433(b), which  
11 promotes an understanding of health.

12 (6) The right to have all health care informa-  
13 tion, reports, and educational materials translated  
14 into the individual's primary language.

15 (7) The right to receive, prior to the delivery of  
16 any health care service, a careful, prompt, and intel-  
17 ligible—

18 (A) explanation of the indications, diag-  
19 noses, benefits, side effects, and risks involved  
20 in the delivery of such service, and a description  
21 of all medically necessary or appropriate alter-  
22 natives to such service (including no treatment);

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

1 (C) explanation of one's health rights de-  
2 scribed in this subtitle, and the right to have  
3 such health care service delivered only with the  
4 individual's prior, voluntary, written consent.

5 (8) The right to refuse the initial or continuing  
6 delivery of any health care service whenever such re-  
7 fusal does not directly endanger the public health or,  
8 in accordance with State law, the health of the indi-  
9 vidual if the individual is dangerous to himself or  
10 herself.

11 (9) The right to have all individually identifi-  
12 able information and documents treated confiden-  
13 tially and not disclosed (except for statistical pur-  
14 poses and for the control of communicable diseases,  
15 drug abuse, and child abuse) without the individual's  
16 prior, voluntary, and written consent.

17 (10) The right of access at all times to individ-  
18 uals or groups for counseling, health information,  
19 and assistance on health matters, including access to  
20 user advocates who shall—

21 (A) assist users in choosing the most ap-  
22 propriate sites from which to receive health  
23 services and the most appropriate health work-  
24 ers from whom to receive such services;

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

3 (C) investigate instances of poor quality  
4 services or improper treatment of users and  
5 bring such instances to the attention of the ap-  
6 plicable authority.

7 (11) The right to be accompanied and visited at  
8 any time by a friend, relative, or independent advo-  
9 cate of the individual's choosing, and the right to  
10 have routine services, such as feeding, bathing,  
11 dressing, and bedding changes, performed by a  
12 friend or relative, if the individual so chooses.

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

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

22 **SEC. 202. RIGHT TO PAID LEAVE TO RECEIVE HEALTH**  
23 **CARE SERVICES.**

24 (a) AMENDMENT TO FAIR LABOR STANDARDS  
25 ACT.—The Fair Labor Standards Act of 1938 is amended

1 by inserting after section 7 (29 U.S.C. 207) the following  
2 new section:

3 “MINIMUM HEALTH LEAVE COMPENSATION

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

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

17 “(2) during which the employee is unable to  
18 work because of the need for the employee (or a de-  
19 pendent of that employee) to receive necessary  
20 health care services.”.

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

23 (1) in section 3(o), by striking “sections 6 and  
24 7” and inserting “sections 6, 7, and 7A”;

25 (2) in section 13—

1 (A) in subsection (a) before paragraph (1),  
2 by striking “and 7” and inserting “, 7, and  
3 7A”;

4 (B) in subsection (a)(3), by striking “sec-  
5 tions 6 and 7” and inserting “sections 6, 7, and  
6 7A”; and

7 (C) in subsections (d) and (f), by inserting  
8 “7A,” after “7,” each place it appears;

9 (3) in section 14(d), by striking “6 and 7” and  
10 inserting “6, 7, and 7A”;

11 (4) in section 15(a), by striking “section 6 or  
12 section 7” and inserting “section 6, 7, or 7A”;

13 (5) in section 16—

14 (A) in subsection (b), by striking “section  
15 6 or section 7” and inserting “section 6, 7, or  
16 7A”;

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

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

1 (D) in the first sentence of subsection (c),  
2 by striking “section 6 or 7” and inserting “sec-  
3 tion 6, 7, or 7A”;

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

8 (F) in the second sentence of subsection  
9 (c), by striking “or overtime compensation” and  
10 inserting “, overtime compensation, or health  
11 leave compensation”; and

12 (G) in the third sentence of subsection (c),  
13 by striking “or unpaid overtime compensation  
14 under sections 6 and 7” and inserting “, unpaid  
15 overtime compensation, or unpaid health leave  
16 compensation under sections 6, 7, and 7A”; and  
17 (6) in section 18(a)—

18 (A) in the first sentence, by inserting “or  
19 minimum health leave compensation higher  
20 than the minimum health leave compensation  
21 established under this Act” before “, and no  
22 provision”; and

23 (B) the second sentence, by inserting be-  
24 fore the period at the end the following: “, or  
25 justify any employer in reducing health leave

1 compensation provided by him which is in ex-  
2 cess of the applicable minimum health leave  
3 compensation under this Act”.

4 **Subtitle B—Eligibility For, Nature**  
5 **Of, and Scope of Services Pro-**  
6 **vided by the Service**

7 **SEC. 211. ELIGIBILITY FOR SERVICES.**

8 (a) IN GENERAL.—All individuals while within the  
9 United States are eligible to receive health care and sup-  
10 plemental services under this Act.

11 (b) UNITED STATES DEFINED.—For purposes of this  
12 section, the term “United States” includes Indian reserva-  
13 tions, the District of Columbia, the Commonwealth of  
14 Puerto Rico, the Virgin Islands, Guam, Samoa, and the  
15 Northern Mariana Islands.

16 **SEC. 212. ENTITLEMENT TO SERVICES.**

17 (a) IN GENERAL.—Except as provided in subsection  
18 (b), the Service shall, on and after the effective date of  
19 health services, provide users with all health care services  
20 and supplemental services described in section 213 which  
21 the Service determines, in accordance with this title, to  
22 be necessary or appropriate for the promotion and en-  
23 hancement of health, for the prevention of disease, and  
24 for the diagnosis and treatment of, and rehabilitation fol-  
25 lowing, injury, disability, or disease.



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

5 **SEC. 213. PROVISION OF HEALTH CARE AND SUPPLE-**  
6 **MENTAL SERVICES.**

7 (a) IN GENERAL.—The Service shall provide in the  
8 United States the following health care services in or  
9 through facilities established by the Service—

10 (1) the promotion of health and well-being  
11 through health education programs to be carried out  
12 in facilities of the Service as well as in workplaces,  
13 schools, and elsewhere utilizing all appropriate  
14 media, and by assisting other Government agencies  
15 in taking appropriate actions to promote health and  
16 well-being;

17 (2) the prevention of illness, injury, and death  
18 through education and advocacy addressed to the so-  
19 cial, occupational, and environmental causes of ill  
20 health; through the provision of appropriate preven-  
21 tive services including social, medical, occupational,  
22 and environmental health services, on both an emer-  
23 gency and sustained basis; through screening and  
24 other early detection programs to identify and ame-  
25 liorate the primary causes of ill health; and, where

1 appropriate, through actions taken on an emergency  
2 basis to halt environmental threats to life and  
3 health;

4 (3) the diagnosis and treatment of illness and  
5 injury, including emergency medical services, com-  
6 prehensive outpatient and inpatient health care serv-  
7 ices, occupational health services, mental health  
8 services, dental care, vision care, long-term care, and  
9 home health services;

10 (4) the rehabilitation of the sick and disabled,  
11 including physical, psychological, occupational, and  
12 other specialized therapies; and

13 (5) the provision of drugs, therapeutic devices,  
14 appliances, equipment, and other medical supplies  
15 (including eyeglasses, other visual aids, dental aids,  
16 hearing aids, and prosthetic devices) certified effec-  
17 tive in the National Pharmacy and Medical Supply  
18 Formulary (published under section 432(a)) and fur-  
19 nished or prescribed by authorized health workers.

20 (b) SUPPLEMENTAL SERVICES.—The Service shall  
21 provide the following services supplemental to the delivery  
22 of health care services in or through health care facilities  
23 established by the Service—

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

4           (2) child care services for individuals who, dur-  
5           ing the time they receive outpatient health care serv-  
6           ices from the Service or are working in a health care  
7           facility of the Service, are responsible for a child's  
8           care;

9           (3) homemaking and home health services—

10           (A) to enable the provision of inpatient  
11           health services at a health care facility of the  
12           Service to an individual who has the sole re-  
13           sponsibility for the care

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

15           or

16           (ii) of a physically or mentally handi-  
17           capped individual who requires the care of  
18           another individual, and

19           (B) for the bedfast or severely handicapped  
20           individual; and

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

24           (c) LOCAL PUBLIC HEALTH SERVICES.—The Service  
25           shall maintain the functions, especially those related to en-

1 vironmental health and the prevention of illness, currently  
 2 performed by the departments of health of the States and  
 3 localities, to the extent consistent with Federal, State, and  
 4 local law, and shall cooperate with State and local govern-  
 5 ments in its conduct of such functions.

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

15 **Subtitle C—Health Care Facilities**  
 16 **and Delivery of Health Care**  
 17 **Services**

18 **SEC. 221. ESTABLISHMENT OF HEALTH CARE FACILITIES**  
 19 **AND DISTRIBUTION OF DELIVERY OF**  
 20 **HEALTH CARE AND OTHER SERVICES.**

21 (a) HEALTH SERVICE AREAS.—The National Health  
 22 Board, in consultation with local authorities and residents  
 23 of the local communities affected, shall establish such  
 24 health care facilities as are necessary to provide all nec-  
 25 essary comprehensive primary and specialized health care

1 services, including distributing such health care resources  
2 in a manner as to overcome present shortages and ensure  
3 equitable access for every resident to needed health care  
4 resources. In establishing such facilities, the National  
5 Health Board shall rely primarily on existing political  
6 boundaries for the purposes of allocating health services,  
7 including cities, counties, perinatal services regions,  
8 States, and Federal Medicare regions, and shall determine  
9 the need to establish additional or supplementary regional  
10 health service areas that may cross existing boundaries.

11 (b) HEALTH CARE FACILITIES.—

12 (1) IN GENERAL.—The National Health Board  
13 and its local authorities shall, not later than the ef-  
14 fective date of health services and to the maximum  
15 extent feasible, establish and maintain such health  
16 care facilities as are necessary for the efficient and  
17 effective delivery to individuals of comprehensive pri-  
18 mary health care services (defined in paragraph (2)),  
19 specialized health care services (defined in para-  
20 graph (3)), special services (defined in paragraph  
21 (4)) and community-oriented health measures (de-  
22 fined in paragraph (5)). Such health care facilities  
23 shall be established and maintained in a manner  
24 that, as soon as possible and to the greatest extent

1 feasible, provides services in each community  
2 through a single comprehensive health center.

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

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

15 (B) preventive health services, including at  
16 least immunizations, nutrition counseling and  
17 consultation, and periodic screening and assess-  
18 ment services;

19 (C) children’s health services, including as-  
20 sessment of growth and development, education  
21 and counseling on childrearing and child devel-  
22 opment, and school and day care center health  
23 services;

24 (D) obstetrical and gynecological services,  
25 including family planning and contraceptive

1 services, pregnancy (prenatal and postnatal)  
2 and abortion counseling and services;

3 (E) comprehensive geriatric services;

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

7 (G) 24-hour emergency medical services;

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

11 (I) mental health services, including psy-  
12 chological and psychiatric counseling;

13 (J) home health services; and

14 (K) occupational safety and health serv-  
15 ices, including screening, diagnosis, treatment,  
16 and education.

17 (3) SPECIALIZED HEALTH CARE SERVICES DE-  
18 FINED.—As used in paragraph (1), the term “spe-  
19 cialized health care services” means those health  
20 care services of a specialized nature (whether deliv-  
21 ered in an inpatient or outpatient setting) which, ap-  
22 plying guidelines established by the National Health  
23 Board, may be provided most effectively and effi-  
24 ciently in a community setting.

1           (4) SPECIAL SERVICES DEFINED.—As used in  
2 paragraph (1), the term “special services” means  
3 supportive services and the facilities (including nurs-  
4 ing homes and multiservice centers) in which such  
5 services are provided for individuals who are phys-  
6 ically or mentally handicapped, mentally ill, infirm,  
7 or chronically ill, so as to promote the integration  
8 and functioning of such individuals within the com-  
9 munity.

10           (5) COMMUNITY-ORIENTED HEALTH MEASURES  
11 DEFINED.—As used in paragraph (1), the term  
12 “community-oriented health measures” includes ef-  
13 forts to focus organized community activities upon  
14 the promotion of health and the prevention of illness  
15 and injury, support for self-help and mutual aid  
16 groups offering health promotion and rehabilitative  
17 support programs; surveillance of potential threats  
18 to community health, and prompt action to protect  
19 against such threats, and includes outreach efforts  
20 to ensure that all residents are aware of and able to  
21 utilize the health services of the Service, as needed.

22           (c) ALLOCATION OF HOSPITALS.—The National  
23 Health Board, in consultation with its local authorities,  
24 shall periodically determine the necessity to establish and  
25 maintain inpatient and other specialized health care facili-



1 ties in particular locations. Where found appropriate, it  
2 shall establish and maintain—

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

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

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

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

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

23 (2) health care and supplemental services for  
24 individuals whose health care are related to occupa-  
25 tional or other factors, including individuals residing

1 within a region on a temporary or seasonal basis (in-  
2 cluding migratory agricultural workers) and individ-  
3 uals confined to prisons and other correctional insti-  
4 tutions; and

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

8 (e) HEALTH SERVICES.—States and the National  
9 Health Board, through its local and regional authorities,  
10 shall provide the following through health care facilities  
11 established pursuant to this section:

12 (1) Health promotion through education on per-  
13 sonal health matters, nutrition, the avoidance of ill-  
14 ness, and the effective use of health care services  
15 with particular emphasis on the appropriate and safe  
16 use (discouraging the overuse) of drugs and medical  
17 techniques.

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

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

23 (4) Supplemental services (described in section  
24 213(b)), as appropriate.

1           (5) Assistance to individuals who, because of  
2 language or cultural differences or educational or  
3 other handicaps, are unable fully to utilize the serv-  
4 ices available from and delivered by the Board.

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

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

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

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

21          (10) In the case of each inpatient health care  
22 facility, discharge planning and followup services (A)  
23 to identify patients who will need continuing care  
24 after discharge from the facility and (B) to plan,  
25 with the patient and the patient's family, arrange-

1       ments and referrals to meet such postdischarge  
2       needs.

3       (f) AUTHORITIES.—

4           (1) EFFECTIVE DELIVERY.—In its establish-  
5       ment of health care facilities, the National Health  
6       Board shall seek to minimize fragmentation and du-  
7       plication in delivery of health care and other services  
8       so as to promote the effective and efficient delivery  
9       of such services.

10          (2) COORDINATION.—The Board shall provide  
11       mechanisms to coordinate care across political and  
12       geographic boundaries as necessary.

13          (3) ASSURING AVAILABILITY AND ACCESSI-  
14       BILITY OF SERVICES.—The Board shall take what-  
15       ever additional steps are necessary to ensure that all  
16       of the health services required under this title are  
17       available and accessible in a timely manner to  
18       adults, infants, children, and individuals with dis-  
19       abilities in its region. Toward that end, it shall—

20           (A) ensure that users have access to a suf-  
21       ficient number of each category of health work-  
22       er, including primary care providers, specialists,  
23       and other health care professionals, in a man-  
24       ner so that, to the maximum extent possible,  
25       such providers are geographically accessible to

1 all residences and workplaces within the region  
2 and are culturally and linguistically appro-  
3 priate;

4 (B) ensure that services are available in a  
5 manner which ensures continuity of care, avail-  
6 ability within reasonable hours of operation,  
7 and include emergency and urgent care services  
8 which shall be accessible at all times;

9 (C) ensure that any process established to  
10 coordinate care shall ensure ongoing direct ac-  
11 cess to relevant specialists and shall not impose  
12 an undue burden on users with chronic health  
13 conditions;

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

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

21 (F) ensure that priorities in the use of  
22 services and facilities shall be set by the appro-  
23 priate health care professionals using criteria of  
24 medical necessity and that any limitations or  
25 delay in access to services shall be based only

1 on limits of available service personnel and  
2 physical facilities.

3 (4) DEFINITIONS.—For purposes of this sub-  
4 section:

5 (A) HEALTH CARE COORDINATOR.—The  
6 “health care coordinator” means a health work-  
7 er who performs case management (as defined  
8 in subparagraph (B)) functions in consultation  
9 with the health care team, the patient, family,  
10 and community.

11 (B) CASE MANAGEMENT.—The term “case  
12 management” means a coordinated set of activi-  
13 ties conducted for the management of an indi-  
14 vidual user’s serious, complicated, protracted or  
15 chronic health conditions in order to ensure  
16 cost-effective and benefit maximizing treatment.

17 (g) GUIDELINES.—The National Health Board shall  
18 establish guidelines for distribution and coordination of  
19 the delivery of health care and other services described in  
20 this section and shall, before the effective date of health  
21 services, plan and facilitate the transition to the new dis-  
22 tribution of health care facilities and health workers to  
23 be effected on and after that date.

24 (h) USE OF EVIDENCE-BASED CLINICAL DECISION  
25 CRITERIA.—

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

6           (2) CLINICAL DECISION CRITERIA DEFINED.—  
7 For purposes of this section, the term “clinical deci-  
8 sion criteria” means the recorded (written or other-  
9 wise) screening procedures, decision abstracts, clin-  
10 ical protocols, and practice guidelines used as an im-  
11 portant basis to determine the necessity and appro-  
12 priateness of health care services, in combination  
13 with the facts of particular cases, the judgment of  
14 health care professionals, and the preferences of  
15 users. Such criteria shall be clearly documented and  
16 available to all health workers and shall include a  
17 mechanism for periodically updating such criteria.

18          (i) NOTICE OF DETERMINATIONS.—The National  
19 Health Board, and its local and regional authorities, shall  
20 provide users with timely notice of any determination to  
21 provide, deny, or delay provision of a service, and informa-  
22 tion about the relevant clinical decision criteria upon  
23 which such determination is based, if any. Such notifica-  
24 tion shall include information concerning the appropriate  
25 procedure to appeal such decision.

1 (j) ACCOUNTABILITY.—In the case that the Health  
2 Service fails on the effective date of health services, to sub-  
3 stantially and materially provide health care and supple-  
4 mental services in accordance with this section, redress  
5 and alternative sources of care shall be authorized by an  
6 independent authority accountable to Congress and State  
7 legislatures. Such redress may include—

- 8 (1) requiring the provision of services; and
- 9 (2) providing reimbursement for the provision  
10 of specified health care services in accordance with  
11 procedures and schedules in effect under title XVIII  
12 of the Social Security Act immediately before the ef-  
13 fective date of health services.

14 **SEC. 222. OPERATION AND INSPECTION OF HEALTH CARE**  
15 **FACILITIES.**

16 (a) ESTABLISHMENT OF POLICIES.—

17 (1) IN GENERAL.—Each health care facility  
18 shall be subject to policies and organizational plans  
19 consistent with this section and with parts A and C  
20 of title III (relating to the health labor force) for the  
21 operation of such facility and shall establish proce-  
22 dures to ensure that the facility is operated in ac-  
23 cordance with such policies and plans.

24 (2) HEALTH WORKER AND USER CONTROL.—

25 The National Health Board and its regional and



1 local authorities shall establish policies and mecha-  
2 nisms for control of health care facilities by health  
3 care workers who are employed in, and users who re-  
4 ceive services from, the respective facility, and shall  
5 promulgate rules preventing a financial conflict of  
6 interest by decisionmaking bodies.

7 (b) EMPLOYMENT RESTRICTIONS.—

8 (1) IN GENERAL.—No individual entitled to  
9 make decisions regarding establishment, allocation,  
10 or operation of a health facility may engage in the  
11 private delivery of health care services.

12 (2) PRIVATE DELIVERY OF HEALTH CARE  
13 SERVICES DEFINED.—For the purposes of this sub-  
14 section, the term “private delivery of health care  
15 services” means the delivery of health care services  
16 for which an individual, group, or organization re-  
17 ceives remuneration from any source other than the  
18 Health Service Trust Fund established in section  
19 511.

20 (c) OPERATIONS OF HEALTH CARE FACILITIES.—

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

1           (2) EFFECTIVE DELIVERY.—In its establish-  
2           ment of health care facilities under this section, the  
3           Board shall seek to minimize fragmentation and du-  
4           plication in delivery of health care and other services  
5           so as to promote the effective and efficient delivery  
6           of such services.

7   **SEC. 223. PROVISION OF HEALTH SERVICES RELATING TO**  
8                                   **REPRODUCTION AND CHILDBEARING.**

9           (a) PROVISION OF SERVICES.—

10           (1) IN GENERAL.—The following services shall  
11           be provided:

12                           (A) FAMILY PLANNING.—

13                                   (i) Complete information on contra-  
14                                   ception and provision of birth control ma-  
15                                   terials or medication of the individual's  
16                                   choosing.

17                                   (ii) Complete and effective evaluation  
18                                   and treatment of sexually transmitted dis-  
19                                   eases and diseases of the reproductive or-  
20                                   gans.

21                                   (iii) Complete information and coun-  
22                                   seling with respect to pregnan-  
23                                   cy, child-  
24                                   bearing, and possible outcomes involving  
25                                   genetically induced anomalies.

(B) PREGNANCY.—

1 (i) Complete and effective pregnancy  
2 testing.

3 (ii) Prenatal services, including phys-  
4 ical examination, counseling, and instruc-  
5 tion of expectant parents in nutrition,  
6 childrearing, and children's health care  
7 services.

8 (iii) Safe, comfortable, and convenient  
9 abortion services.

10 (iv) Counseling for women in conjunc-  
11 tion with the provision of all gynecologic,  
12 female contraceptive, and abortion services  
13 and counseling for men on male fertility-  
14 related services.

15 (2) VOLUNTARY.—The services described in  
16 paragraph (1) shall be delivered without coercion or  
17 harassment, with complete confidentiality, and with-  
18 out prior approval of individuals other than the indi-  
19 vidual receiving the services.

20 (3) ACCOMPANIMENT.—An individual shall be  
21 permitted to be accompanied by a person of the indi-  
22 vidual's choice during the provision of the services  
23 described in paragraph (1) to the extent this would  
24 not significantly increase the medical risk to the in-  
25 dividual.

1 (b) VOLUNTARY CONSENT.—No health care provider  
2 may perform upon an individual a treatment or procedure  
3 (other than a treatment or procedure required to preserve  
4 the life of the individual) which could reasonably be ex-  
5 pected to affect the individual’s capacity to reproduce chil-  
6 dren, unless—

7 (1) the individual has given voluntary written  
8 consent to the treatment or procedure after being  
9 given complete information on the effect of the  
10 treatment or procedure on the individual’s reproduc-  
11 tive capacity, and on possible alternative treatments  
12 and procedures, at least 30 days before beginning  
13 the treatment or procedure, and

14 (2) the individual has, after such 30-day wait-  
15 ing period, again given written consent to the per-  
16 formance of the treatment or procedure, except that  
17 in the case of a woman who has given initial written  
18 consent to a sterilization she may be sterilized in  
19 less than 30 days following such consent (but in no  
20 case in less than 72 hours)—

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

1           (B) if she undergoes emergency abdominal  
2           surgery within the 30-day waiting period and  
3           the sterilization is concurrent with the abdom-  
4           inal surgery; or

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

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

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

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

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

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

7           (4) caring for her infant at her bedside;

8           (5) feeding her infant according to the method  
9           and schedule of her choice; and

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

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

16           **TITLE III—HEALTH LABOR**  
17           **FORCE**

18           **Subtitle A—Job Categories and**  
19           **Certification**

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

21           Notwithstanding any law of a State or political sub-  
22           division to the contrary, the Service, acting in accordance  
23           with the provisions of this Act, shall be the sole judge of  
24           the qualifications of its employees.

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

2 (a) CERTIFICATION OF COMPETENCE.—The National  
3 Health Board shall establish procedures which will ensure  
4 that, except in emergency situations, any work which is  
5 classified under a job category established under this sub-  
6 title is performed by a health worker who at the time of  
7 such work was—

8 (1) certified (in accordance with this subtitle)  
9 as competent to perform the work under such job  
10 category, and

11 (2) authorized to perform such work by the em-  
12 ployer of such worker.

13 (b) PERIODIC ASSESSMENTS.—There shall be peri-  
14 odic review and assessment of the competency of such  
15 workers to perform the work within their job category, and  
16 opportunities for health workers to be assessed and cer-  
17 tified with respect to skills required for advancement to  
18 other job categories.

19 **SEC. 303. ESTABLISHMENT OF JOB CATEGORIES AND CER-**  
20 **TIFICATION STANDARDS.**

21 (a) IN GENERAL.—

22 (1) CLASSIFICATION.—The National Health  
23 Board shall establish such guidelines for the classi-  
24 fication, certification, and employment of health  
25 workers by job category as it determines to be nec-  
26 essary—

1 (A) to ensure that health workers who per-  
2 form work for the Service which requires spe-  
3 cialized skills have demonstrated that they pos-  
4 sess such skills,

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

9 (C) to provide for affiliation of health  
10 workers with health care facilities at the com-  
11 munity, district, and regional levels.

12 These guidelines shall permit alternative approaches  
13 to healing, and practitioners skilled in such ap-  
14 proaches, when these approaches have not been dem-  
15 onstrated to be injurious to health.

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

23 (b) CERTIFICATION STANDARDS.—

24 (1) ESTABLISHMENT.—For each job category  
25 (other than a job category determined by the Na-



1 tional Health Board to involve highly specialized  
2 skills requiring advanced specialty training), the Na-  
3 tional Health Board shall, taking into account the  
4 guidelines established under subsection (a), establish  
5 certification standards which shall specify—

6 (A) the functions performed by a health  
7 worker employed in such job category;

8 (B) the skills required in the course of  
9 properly performing work under such job cat-  
10 egory;

11 (C) the initial and continuing training, ex-  
12 perience, and performance which must be un-  
13 dertaken or demonstrated by a health worker to  
14 achieve and maintain competency to perform  
15 the work within such job category; and

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

21 (2) SPECIFICATIONS.—For each job category  
22 established and determined by the National Health  
23 Board to involve highly specialized skills requiring  
24 advanced specialty training, the National Health

1 Board shall make the specifications described in sub-  
2 paragraphs (A) through (D) of paragraph (1).

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

8 (4) QUALITY PROTECTION.—

9 (A) PROHIBITION OF DOWNGRADES OF  
10 LEVELS.—No individual health facility adminis-  
11 trator is authorized to downgrade the level of  
12 skill, license or certification required to perform  
13 duties delineated by the Board.

14 (B) REVIEW.—

15 (i) REVIEW OF STAFFING CHANGES.—  
16 Upon enactment of this Act, the Board  
17 shall convene a national level task force to  
18 review the impact on the safety and health  
19 of patients and workers of downgrading  
20 and deskilling of health care job categories  
21 by replacing licensed with unlicensed work-  
22 ers during the 1990s, particularly in the  
23 nursing area, and to recommend remedies  
24 as appropriate.

1 (ii) WHISTLEBLOWER PROTECTION.—  
2 Health care workers who report com-  
3 promises in the quality of care shall not be  
4 subjected to recriminations.

5 (C) WORKFORCE STAFFING LEVELS.—The  
6 Board may establish health workforce staffing  
7 levels as it determines will promote the delivery  
8 of quality health care services.

## 9 **Subtitle B—Education of Health** 10 **Workers**

### 11 **SEC. 311. HEALTH TEAM SCHOOLS.**

12 (a) ESTABLISHMENT.—

13 (1) IN GENERAL.—Except as provided in para-  
14 graph (2), the Board shall establish a procedure for  
15 converting existing educational facilities for health  
16 services workers to create health team schools (each  
17 in this subtitle referred to as a “school”) in accord-  
18 ance with this section to provide programs of initial  
19 and continuing basic education in health care deliv-  
20 ery for health workers in all job categories, and to  
21 provide initial continuing advanced education in  
22 health care specialties and health science specialty  
23 fields. Such schools shall be established and func-  
24 tioning not later than 4 years after the effective date  
25 of health services.

1           (2) USE OF FUNDS.—Schools shall be funded  
2 exclusively by the Service, shall not charge nor ac-  
3 cept tuition or fees for enrollment, and shall provide  
4 each student with an adequate allowance for living  
5 expenses, educational supplies, and any child care  
6 expenses.

7           (b) OPERATIONAL PRINCIPLES.—Schools shall be op-  
8 erated and maintained in accordance with the following  
9 principles:

10           (1) The activities of each school shall be de-  
11 signed to meet the health needs of the population.

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

16           (3) Schools shall integrate the education of  
17 health workers in the different job categories (estab-  
18 lished under subtitle A) so as to permit health work-  
19 ers to be educated and certified for successively  
20 higher levels of health care work.

21           (4) Each school's admissions policies, cur-  
22 riculum policies, faculty hiring procedures, and gov-  
23 ernance plan shall be established and implemented  
24 in accordance with subsections (c) through (f), re-  
25 spectively, and with the fullest possible participation

1 of the community health workers, staff, and students  
2 in its region.

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

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

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

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

1           (2) minimize the use of criteria of academic  
2 performance other than such criteria as have been  
3 shown to be significantly related to future work per-  
4 formance;

5           (3) give preference to segments of the popu-  
6 lation of the region underrepresented among health  
7 workers;

8           (4) to the extent consistent with paragraph (3),  
9 provide for admission of individuals so that the stu-  
10 dent body approximates the population of the region  
11 by race, sex, family income, and language; and

12           (5) require that the applicant agree, if accepted  
13 into the school, to perform health care services in ac-  
14 cordance with section 312.

15       (d) CURRICULUM POLICIES.—The National Health  
16 Board, in consultation with its local and regional authori-  
17 ties, shall establish and implement curriculum policies for  
18 educational programs in schools. Such policies shall—

19           (1) give priority in study and field work to the  
20 leading causes of illness and death in the region, in-  
21 cluding environmental, biological, and social deter-  
22 minants of mortality and morbidity;

23           (2) give special consideration to studying the  
24 social, as well as biological, causation and prevention  
25 of illness and disease, and to the differing health

1 care needs of populations facing special health risks  
2 and having special cultures and lifestyles within the  
3 region;

4 (3) provide that all students shall take a com-  
5 mon, initial sequence of courses and that students  
6 preparing for more advanced types of health work  
7 shall take studies that are progressively more spe-  
8 cialized and differentiated;

9 (4) emphasize work study experience in all  
10 types of health care facilities in the region, including  
11 community and workplace facilities, facilities for the  
12 aged, mentally ill, and mentally retarded, health care  
13 facilities in prisons and other correctional institu-  
14 tions, alcohol and drug rehabilitation facilities, envi-  
15 ronmental health facilities, and all other health care  
16 facilities of the Service in communities and districts  
17 in the region;

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

21 (6) facilitate the development by all health  
22 workers of skills in decisionmaking and assessment  
23 of user needs in cooperation with other health work-  
24 ers and with users.

1 (e) FACULTY HIRING PROCEDURES.—Faculty hiring  
2 procedures in schools shall, to the maximum extent fea-  
3 sible, create a faculty which approximates the population  
4 of the region by race, sex, and language.

5 (f) GOVERNANCE PLANS.—Governance plans for the  
6 management of a school shall give significant decision-  
7 making powers to staff and students of the school.

8 **SEC. 312. SERVICE REQUIREMENT.**

9 (a) SERVICE REQUIREMENT.—

10 (1) IN GENERAL.—No individual may be en-  
11 rolled in a school unless the individual agrees to per-  
12 form health care services as an employee of the  
13 Service in the job category for which training is  
14 being provided—

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

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

21 (C) for an area with the highest priority  
22 ranking under subsection (c) that agrees to em-  
23 ploy the individual.

24 (2) DEFERRAL.—An individual's obligation to  
25 perform service under an agreement described in



1 paragraph (1) shall be deferred only for a period  
2 during which the individual is physically or mentally  
3 incapable of performing such service.

4 (3) COMPLETION OF SERVICE REQUIRED.—No  
5 individual who has made an agreement described in  
6 paragraph (1) may be employed other than in ac-  
7 cordance with subsection (c), until the individual has  
8 completed the period of obligated service in accord-  
9 ance with this section.

10 (4) PENALTY FOR BREACH OF AGREEMENT.—  
11 Except as provided in paragraph (5), if an individual  
12 breaches an agreement under paragraph (1) by fail-  
13 ing (for any reason) either to begin such individual's  
14 service obligation or to complete such service obliga-  
15 tion, the Service shall be entitled to recover from the  
16 individual an amount determined in accordance with  
17 the formula  $A=C(1-s/(t))$  in which—

18 (A) "A" is the amount the Service is enti-  
19 tled to recover;

20 (B) "C" is an amount determined by the  
21 National Health Board to be the costs to the  
22 Service of the education program and allowance  
23 received by the individual and the interest on  
24 such costs which would be payable if at the  
25 time the costs were undertaken they were loans

1 bearing interest at the maximum legal pre-  
2 vailing rate, as determined by the Treasurer of  
3 the United States;

4 (C) “t” is the total number of months in  
5 the individual’s period of obligated service; and

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

12 (5) CANCELLATION.—

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

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

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

9                   (b) PERIODIC REASSESSMENT OF WORKER RA-  
10                  TIOS.—The National Health Board shall periodically as-  
11                  sess the ratio of the number of health workers employed  
12                  by the Board in each job category (established under sub-  
13                  title A) in an area to the number of residents in the area.

14                  (c) WORKER MATCHES.—The National Health Board  
15                  shall establish a program to match the locational pref-  
16                  erences of graduates of schools with the needs and pref-  
17                  erences of regions.

18                  **SEC. 313. PAYMENT FOR CERTAIN EDUCATIONAL LOANS.**

19                  (a) LOAN PAYMENT PROGRAM.—In the case of any  
20                  individual who has incurred any educational loan before  
21                  the fourth year after the effective date of health services  
22                  and for the individual's costs for an educational program  
23                  in health care delivery, health care specialties, or health  
24                  science specialty fields, the National Health Board shall  
25                  make payments, in accordance with subsection (b), for and

1 on behalf of that individual, on the principal of and inter-  
2 est on any such loan which is outstanding on the date the  
3 individual begins to work for the Service.

4 (b) MAKING OF PAYMENT.—The payments described  
5 in subsection (a) shall be made by the National Health  
6 Board as follows:

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

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

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

22 (4) Upon completion by that individual of a  
23 fourth year of such employment, the National  
24 Health Board shall pay the remaining 15 percent of

1 the principal of, and all remaining interest on, each  
2 such loan.

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

8 (c) PAYMENT DURING EMPLOYMENT.—Notwith-  
9 standing the requirement of completion of employment  
10 specified in subsection (b), the National Health Board  
11 shall on or before the due date thereof, pay any loan or  
12 loan installment which may fall due within the period of  
13 employment for which the borrower may receive payments  
14 under this section, upon the declaration of such borrower,  
15 at such times and in such manner as the National Health  
16 Board may prescribe (and supported by such other evi-  
17 dence as the National Health Board may reasonably re-  
18 quire), that the borrower is then employed as described  
19 in subsection (b) and that the borrower will continue to  
20 be so engaged for the period required (in the absence of  
21 this subsection) to entitle the borrower to have made the  
22 payments provided by this section for such period, except  
23 that not more than 85 percent of the principal of any such  
24 loan shall be paid pursuant to this subsection.

1 **Subtitle C—Employment and**  
2 **Labor-Management Relations**  
3 **Within the Service**

4 **SEC. 321. EMPLOYMENT, TRANSFER, PROMOTION, AND RE-**  
5 **CEIPT OF FEES.**

6 (a) SERVICE EMPLOYEES.—The National Health  
7 Board shall employ, classify, and fix the salaries and bene-  
8 fits of all employees of the Service employed in the Serv-  
9 ice’s facilities.

10 (b) POLICIES.—The National Health Board, in estab-  
11 lishing guidelines and standards under this subtitle, shall,  
12 to the extent feasible and consistent with the provisions  
13 of this subtitle, provide for—

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

17 (2) meaningful opportunities for career ad-  
18 vancement;

19 (3) encouragement of health workers to use up  
20 to 10 percent of their work time for continuing edu-  
21 cation under subtitle B without loss of pay or other  
22 job rights; and

23 (4) full protection of employees’ rights by pro-  
24 viding an opportunity for a fair hearing on adverse  
25 actions with representation of their own choosing.

1           (c) HIRING PREFERENCES.—The National Health  
2 Board, in hiring for employees to fill vacancies in newly  
3 created positions, shall give preference to individuals who  
4 were employed as health workers, or self-employed while  
5 delivering health services, before the date of enactment of  
6 this Act. The National Health Board shall ensure, through  
7 such steps as it deems necessary, that all such individuals  
8 desiring to be employed within the Service shall find ap-  
9 propriate employment in the Service.

10           (d) PROMOTION AND TRANSFER.—Employees of the  
11 Service shall be eligible for promotion or transfer to any  
12 position in the Service for which they are qualified. A job  
13 placement service in each region shall assist health work-  
14 ers in its region in identifying suitable employment oppor-  
15 tunities and in transferring between jobs. The authority  
16 given by this subsection shall be used to provide a max-  
17 imum degree of career opportunities for employees and to  
18 ensure continued improvement of health care services.

19           (e) NO UNDUE FINANCIAL INCENTIVES.—No health  
20 worker should benefit financially from the provision or de-  
21 nial of services to individual patients, beyond their regular  
22 remuneration.

23           (f) SOLE EMPLOYER.—An employee of the Service  
24 may not receive any fee or perquisite on account of duties

1 performed by virtue of such employment except from the  
2 Service.

3 (g) GRANDFATHER CLAUSE.—The National Health  
4 Board shall support alternative procedures to assure that  
5 health care professionals meet required standards, par-  
6 ticularly those currently practicing in health professional  
7 shortage areas in inner cities and in rural communities.

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

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

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

21 (1) in a collective bargaining agreement nego-  
22 tiated on behalf of and applicable to them; or

23 (2) in procedures established by the Service and  
24 approved by the Office of Personnel Management.



1 (b) COVERAGE UNDER WORKERS COMPENSATION.—  
2 Employees of the Service are covered by subchapter I of  
3 chapter 81 of title 5, United States Code (relating to com-  
4 pensation for work injuries).

5 (c) CIVIL SERVICE.—

6 (1) APPLICATION OF CIVIL SERVICE RETIRE-  
7 MENT.—Chapter 83 of title 5, United States Code  
8 (relating to civil service retirement), applies to em-  
9 ployees of the Service except to the extent provided  
10 in a collective bargaining agreement negotiated on  
11 behalf of and applicable to them.

12 (2) WITHHOLDING.—The Service shall withhold  
13 from pay and shall pay into the Civil Service Retire-  
14 ment and Disability Fund the amounts specified in  
15 chapter 83 of title 5, United States Code, as re-  
16 quired under paragraph (1). The Service, upon re-  
17 quest of the Office of Personnel Management, but  
18 not less frequently than annually, shall pay to the  
19 Office the costs reasonably related to the adminis-  
20 tration of Fund activities for employees of the Serv-  
21 ice.

22 (d) ACCRUAL OF SICK AND ANNUAL LEAVE.—Sick  
23 and annual leave and compensatory time of employees of  
24 the Service, whether accrued prior to or after the com-

1 mencement of operations of the Service, shall be obliga-  
2 tions of the Service.

3 (e) APPLICATION OF CONDITIONS.—

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

18 (2) LIMITATION ON VARIATION.—No variation,  
19 addition, or substitution with respect to fringe bene-  
20 fits shall result in a program of fringe benefits which  
21 on the whole is less favorable to employees of the  
22 Service than fringe benefits in effect for employees  
23 of the Federal Government on the effective date of  
24 health services. No variation, addition, or substi-  
25 tution with respect to fringe benefits of employees

1 for whom there is a collective bargaining representa-  
2 tive shall be made except by agreement between such  
3 representative and the Service.

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

6 (a) APPLICATION OF NLRA.—

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

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

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

20 (C) sections 206 through 210 of such Act  
21 (relating to national emergencies) shall, for pur-  
22 poses of this Act, have the phrases “the Presi-  
23 dent of the United States” and “the Presi-  
24 dent”, wherever they appear, replaced by the  
25 phrase “the National Health Board (or a com-

1           mittee thereof to which it has delegated such  
2           authority)” and the phrase “national health or  
3           safety” replaced by the phrase “health or safety  
4           of the residents of any region”; and

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

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

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

22          (c) COLLECTIVE BARGAINING.—

23                   (1) IN GENERAL.—Collective bargaining agree-  
24          ments between the National Health Board and duly  
25          recognized bargaining representatives of employees

1 of the Service may include procedures for resolution  
2 by the parties of grievances and adverse actions arising  
3 under the agreement, including procedures culminating  
4 in binding third party arbitration.

5 (2) ALTERNATIVE PROCEDURES.—The National  
6 Health Board and duly recognized bargaining representatives  
7 of employees of the Service may by mutual agreement  
8 adopt procedures for the resolution by the parties—

10 (A) of grievances and adverse actions arising  
11 under collective bargaining agreements, and

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

14 (d) CONFORMING AMENDMENT.—Section 3(e) of the  
15 Labor-Management Reporting and Disclosure Act of 1959  
16 (42 U.S.C. 402(e)) is amended by inserting “the United  
17 States Health Service and” after “and includes”.

18 **SEC. 324. DEFENSE OF CERTAIN MALPRACTICE AND NEGLIGENCE SUITS.**

20 (a) EXCLUSIVE REMEDY.—The remedy against the  
21 United States provided by sections 1346(b) and 2672 of  
22 title 28, United States Code, or by alternative benefits  
23 provided by the United States where the availability of  
24 such benefits precludes a remedy under section 1346(b)  
25 of such title, for damage for personal injury, including

1 death, resulting from the performance of medical, surgical,  
2 dental, or related functions, including the conduct of clin-  
3 ical studies or investigations, by any employee of the Serv-  
4 ice while acting within the scope of the employee's employ-  
5 ment, shall be exclusive of any other civil action or pro-  
6 ceeding by reason of the same subject matter against the  
7 employee (or the employee's estate) whose act or omission  
8 gave rise to the claim.

9 (b) DEFENSE.—The Attorney General shall defend  
10 any civil action or proceeding brought in any court against  
11 any person referred to in subsection (a) (or the person's  
12 estate) for any such damage or injury. Any such person  
13 against whom such civil action or proceeding is brought  
14 shall deliver within such time after date of service or  
15 knowledge of service as determined by the Attorney Gen-  
16 eral, all process served upon the person or an attested true  
17 copy thereof to the person's immediate superior or to  
18 whomever was designated by the appropriate National  
19 Health Board to receive such papers and such person shall  
20 promptly furnish copies of the pleading and process there-  
21 in to the United States attorney for the district embracing  
22 the place wherein the proceeding is brought, to the Attor-  
23 ney General, and to the National Health Board.

24 (c) PROCEDURE.—

1           (1) REMOVAL FROM STATE COURTS.—Upon a  
2 certification by the Attorney General that the de-  
3 fendant was acting in the scope of employment at  
4 the time of the incident out of which the suit arose,  
5 any such civil action or proceeding commenced in a  
6 State court shall be removed without bond at any  
7 time before trial by the Attorney General to the dis-  
8 trict court of the United States of the district and  
9 division embracing the place wherein it is pending  
10 and the proceeding deemed a tort action brought  
11 against the United States under the provision of  
12 title 28, United States Code, and all references  
13 thereto.

14           (2) MOTIONS TO REMAND.—If a United States  
15 district court determines on a hearing on a motion  
16 to remand held before a trial on the merits that the  
17 case so removed is one in which a remedy by suit  
18 within the meaning of subsection (a) is not available  
19 against the United States, the case shall be re-  
20 manded to the State court.

21           (3) EFFECT OF ALTERNATIVE REMEDIES.—  
22 Where a remedy by suit within the meaning of sub-  
23 section (a) is not available because of the availability  
24 of a remedy through proceedings for compensation  
25 or other benefits from the United States as provided

1 by any other law, the case shall be dismissed, but in  
2 the event the running of any limitation of time for  
3 commencing, or filing an application or claim in,  
4 such proceedings for compensation or other benefits  
5 shall be deemed to have been suspended during the  
6 pendency of the civil action or proceeding under this  
7 section.

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

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

18 (f) LIABILITY INSURANCE.—The appropriate Na-  
19 tional Health Board may, to the extent it deems appro-  
20 priate, hold harmless or provide liability insurance for any  
21 employee of the Service for damage for personal injury,  
22 including death, negligently caused by such employee while  
23 acting within the scope of employment and as a result of  
24 the performance of medical, surgical, dental, or related  
25 functions, including the conduct of clinical studies or in-



1 vestigations, if the employee is assigned to a foreign coun-  
 2 try or detailed to a State or political subdivision thereof  
 3 or to a nonprofit institution, and if the circumstances are  
 4 such as are likely to preclude the remedies of third persons  
 5 against the United States described in section 2679(b) of  
 6 title 28, United States Code, for such damage or injury.

7 **TITLE IV—OTHER FUNCTIONS**  
 8 **OF HEALTH BOARDS**

9 **Subtitle A—Advocacy, Grievance**  
 10 **Procedures, and Trusteeships**

11 **SEC. 401. ADVOCACY AND LEGAL SERVICES PROGRAM.**

12 (a) ESTABLISHMENT OF PROGRAM.—The National  
 13 Health Board shall establish a program of health advocacy  
 14 to ensure the full realization of the patient rights enumer-  
 15 ated in subtitle A of title II. Such a program shall in-  
 16 clude—

17 (1) the employment of individuals having basic  
 18 legal knowledge and skills as health advocates;

19 (2) the presence of health advocates—

20 (A) in inpatient health care facilities at all  
 21 times; and

22 (B) in other health care facilities during  
 23 the provision of health care services;

24 (3) provision for health advocates to (A) in-  
 25 form, on an ongoing basis, users and health workers

1 of such patient rights and (B) report to the National  
2 Health Board any infraction of such rights which is  
3 not promptly corrected;

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

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

12 (b) HEALTH RIGHTS LEGAL SERVICES.—

13 (1) ESTABLISHMENT OF PROGRAM.—The Na-  
14 tional Health Board shall establish a health rights  
15 legal services program and shall provide such pro-  
16 gram with sufficient legal and administrative per-  
17 sonnel, funding, and facilities (A) to ensure that  
18 users and health workers receive, free of charge,  
19 high quality legal services (including representation  
20 in grievance proceedings commenced under section  
21 402) for legal problems related to health rights and  
22 health care services, and (B) to improve, through  
23 litigation and other activities, the health care system  
24 and expand the rights of users and health workers.

1           (2) SERVICES.—The health rights legal services  
2 program shall provide directly, by contract with the  
3 Legal Services Corporation, or by contract with  
4 members of the private bar, for—

5           (A) establishment of a legal services office  
6 in each region to provide representation (other  
7 than representation provided under subpara-  
8 graph (B)) of users, health workers, and vol-  
9 untary associations having a demonstrated in-  
10 terest in health care in proceedings and hear-  
11 ings under sections 324 and 402; and

12           (B) establishment of legal services offices  
13 in such communities and districts as are deter-  
14 mined, in accordance with guidelines established  
15 by the National Health Board, to have inad-  
16 equate legal services to provide the legal serv-  
17 ices described in paragraph (1)(A).

18           (3) USE OF CONTRACTS.—The National Health  
19 Board may carry out the functions described in  
20 paragraph (1)(B) directly, by contract, or otherwise.

21 **SEC. 402. GRIEVANCE PROCEDURES.**

22           (a) GRIEVANCE PROCEEDINGS.—

23           (1) IN GENERAL.—The National Health Board  
24 shall provide, in accordance with this section, that  
25 any user, health worker, or any user association hav-

1       ing a demonstrated interest in health care may com-  
2       mence a grievance proceeding before the Board (or  
3       a person or committee designated by such Board)  
4       with respect to an alleged violation of this Act. The  
5       National Health Board may commence a grievance  
6       proceeding before itself (or a person or committee  
7       designated by such Board) with respect to an alleged  
8       violation of this Act.

9               (2) GRIEVANCES AGAINST NATIONAL HEALTH  
10       BOARD.—Grievances against the National Health  
11       Board may be presented to and adjudicated by the  
12       Inspector General for Health Services or the Inspec-  
13       tor’s General local designees. Grievants shall also  
14       have access to review in the courts.

15       (b) REVIEW.—

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

23               (2) LIMITATION ONCE SUIT COMMENCED.—On  
24       and after the date a suit with respect to an adverse  
25       determination in a grievance proceeding or review

1 proceeding is filed under subsection (e), no review  
2 proceeding respecting such proceeding may be com-  
3 menced by appeal to the Board under paragraph (1),  
4 and any such review proceeding which was com-  
5 menced by appeal to the Board under such para-  
6 graph before the date of filing of such suit and is  
7 pending on such date shall promptly be discon-  
8 tinued.

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

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

19 (d) RIGHT TO SUE.—Any party to a grievance pro-  
20 ceeding or review proceeding commenced under this sec-  
21 tion may bring suit in the United States district court for  
22 the judicial district in which such proceeding, or review  
23 proceeding, was brought, for the review of an adverse de-  
24 termination in such proceeding or review proceeding. Such  
25 court shall affirm such determination unless it finds that

1 such determination is not supported by substantial evi-  
2 dence or is arbitrary and capricious.

3       **Subtitle B—Occupational Safety**  
4                   **and Health Programs**

5       **SEC. 411. FUNCTIONS OF THE NATIONAL HEALTH BOARD.**

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

13           (b) CONFORMING AMENDMENTS.—

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

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

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

24                   (B) by striking “Secretary of Health and  
25 Human Services” each place it appears (other

1 than in section 22(b)) and inserting “National  
2 Health Board”;

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

6 (D) in the second sentence of section  
7 6(b)(1), by inserting “the Board and” after  
8 “The Secretary shall provide”;

9 (E) in the third sentence of section  
10 6(b)(1), by striking “An” and inserting “The  
11 Board and an”;

12 (F) in the third sentence of section  
13 6(b)(1), by striking “its” each place it appears  
14 and inserting “their”;

15 (G) in the fourth sentence of section  
16 6(b)(6)(A), by inserting “after consultation  
17 with the National Health Board and” after  
18 “may be granted only”;

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

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

1 (J) in section 8(g)(2), by striking “their”  
2 and inserting “his”;

3 (K) in section 16, by inserting “after con-  
4 sultation with the National Health Board and”  
5 before “after notice and opportunity”;

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

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

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

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

17 (c) GUIDELINES.—The National Health Board shall  
18 establish guidelines—

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

23 (2) for the establishment and operation of  
24 workplace health facilities under section 413.



1 **SEC. 412. COMMUNITY OCCUPATIONAL SAFETY AND**  
2 **HEALTH ACTIVITIES.**

3 The Occupational Safety and Health Administration,  
4 under the direction of the National Health Board, shall  
5 develop and provide staff support for local and regional  
6 occupational safety and health programs, to include com-  
7 munity-based occupational safety and health councils that  
8 represent community workers and residents. Such pro-  
9 grams shall—

10 (1) promote and assist in the establishment of  
11 workplace occupational safety and health committees  
12 in workplaces in the community, and advise and fa-  
13 cilitate such committees' actions relating to safety  
14 and health hazards in workplaces in the community;

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

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

23 (4) facilitate communication among workers  
24 employed in similar industries in the region and the  
25 Nation with respect to occupational health and safe-  
26 ty hazards they face in common;

1           (5) conduct baseline and periodic biologic  
2 screening of employees in the region;

3           (6) develop and maintain environmental moni-  
4 toring programs to identify and isolate hazardous  
5 workplaces and work areas in the region; and

6           (7) analyze employment-related injuries and ill-  
7 nesses occurring in the region.

8 **SEC. 413. WORKPLACE HEALTH FACILITIES.**

9           (a) ESTABLISHMENT.—The Occupational Safety and  
10 Health Administration, under the direction of the Na-  
11 tional Health Board, shall develop a program to establish  
12 worksite health facilities, distributed to make available oc-  
13 cupational and emergency health care services to individ-  
14 uals employed in the workplace in accordance with this  
15 section and guidelines and standards for such facilities es-  
16 tablished by the National Health Board. Such facilities  
17 may be maintained by each employer where the facility  
18 is located, or by the group of employers covered by a facil-  
19 ity.

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

24           (1) be organized in a manner so as to provide  
25 an appropriate number of appropriately skilled

1 health workers to meet occupational and emergency  
2 health care needs of employees in the workplace; and

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

9 **SEC. 414. EMPLOYEE RIGHTS RELATING TO OCCUPATIONAL**  
10 **SAFETY AND HEALTH.**

11 (a) **WORKPLACE COMMITTEES.**—

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

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

22 (A) be permitted to spend eight hours of  
23 each month inspecting their workplace and con-  
24 ducting such other functions relating to occupa-

1            tional safety and health as are determined by  
2            the employees in the workplace; and

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

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

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

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

17          (c) SAFE WORKPLACES.—Employers shall adopt all  
18 feasible engineering measures that will minimize occupa-  
19 tional safety and health hazards in the workplace. Where  
20 such measures are not adequate to protect employees from  
21 such hazards, employers shall furnish their employees  
22 with, or reimburse their employees for the reasonable cost  
23 of, equipment and clothing needed to protect an employee  
24 from any residual occupational safety and health hazards  
25 in the workplace.

1           (d) RIGHT TO INSPECT MEDICAL RECORDS.—Em-  
2 ployees or their duly chosen representatives shall have the  
3 right to inspect all medical records maintained by their  
4 employers on the condition of their health, and shall have  
5 the right to be assisted during such inspections by persons  
6 of their choosing.

7           (e) COPIES OF REPORTS.—Employers shall provide  
8 their employees with copies of all reports, studies, and  
9 data concerning conditions affecting the health and safety  
10 of employees within their workplaces, with annual reports  
11 on the morbidity and mortality experience of present and  
12 former employees, and with timely notification of the pres-  
13 ence within the workplace of any materials, agents, or con-  
14 ditions which may have a deleterious effect on the safety  
15 and health of their employees, along with relevant infor-  
16 mation on hazards and precautions, symptoms, remedies,  
17 and antidotes.

18           (f) RIGHT TO NEGOTIATE STANDARDS.—Employees  
19 shall have the right to seek, through collective bargaining,  
20 occupational safety and health standards, including stand-  
21 ards relating to physical and mental stress and speed of  
22 work, more restrictive than such standards established  
23 under the Occupational Safety and Health Act of 1970.

1 **SEC. 415. DEFINITIONS.**

2 (a) **WORKPLACE.**—For purposes of this subtitle, the  
3 term “workplace” means the regular location where work  
4 is performed by one or more employees of an employer.

5 (b) **EMPLOYER; EMPLOYEE.**—For the purposes of  
6 sections 413 and 414, the terms “employer” and “em-  
7 ployee” have the same meanings those terms have in sec-  
8 tion 3 of the Occupational Safety and Health Act of 1970  
9 (42 U.S.C. 653).

10 **Subtitle C—Health and Health**  
11 **Care Delivery Research, Quality**  
12 **Assurance, and Health Equity**

13 **SEC. 421. PRINCIPLES AND GUIDELINES FOR RESEARCH.**

14 (a) **CONDUCT.**—On and after the effective date of  
15 health services, the Service shall conduct a program of re-  
16 search concerning health and health care delivery. On and  
17 after 2 years after such date, such research program shall  
18 conform to the following principles:

19 (1) The research shall, to the maximum extent  
20 possible, be performed under the direction of, and in  
21 association with, agencies representative of the popu-  
22 lation.

23 (2) No research shall be conducted within, or  
24 using the resources of, an area health facility until  
25 it has been reviewed and approved by the National

1 Health Board, or a designated local authority re-  
2 sponsible for such facility.

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

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

13 (5) The National Health Board shall encourage  
14 and support the conduct of clinical trials that may  
15 improve the health of the public. Any clinical trial  
16 conducted with the intention of evaluating new pre-  
17 ventive, diagnostic, or therapeutic methods or agents  
18 shall be conducted only in accordance with estab-  
19 lished ethical procedures that protect subjects from  
20 undue harm. If benefit becomes apparent, by sci-  
21 entific consensus, before the scheduled conclusion of  
22 any clinical trial, such trial shall nevertheless be ter-  
23 minated, and the benefit made available to trial par-  
24 ticipants and the public at large.

1           (6) No research shall be conducted on a human  
2           subject without the subject's informed written con-  
3           sent.

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

7           (8) The planning and conduct of research under  
8           the program, shall take place in cooperation with ap-  
9           propriate officials conducting related research in the  
10          Federal Government and agencies and departments  
11          of State, territorial, and local governments.

12          (9) The results of research shall be dissemi-  
13          nated to the public and to National Health Board in  
14          a manner that will most readily permit the use of  
15          such results to improve the health of users and the  
16          delivery of health care services.

17          (b) GUIDELINES.—The National Health Board shall  
18          establish guidelines for the conduct of research in con-  
19          formance with the principles described in subsection (a).

20          **SEC. 422. ESTABLISHMENT OF INSTITUTES.**

21          (a) IN GENERAL.—On the effective date of health  
22          services, the agencies of the Department of Health and  
23          Human Services that conduct research on health and  
24          health care are transferred to the National Health Board.  
25          These include the Agency for Healthcare Research and



1 Quality, the Agency for Toxic Substances and Disease  
2 Registry, the Centers for Disease Control and Prevention,  
3 the National Institutes of Health (established under title  
4 IV of the Public Health Service Act), and the Substance  
5 Abuse and Mental Health Services Administration. In ad-  
6 dition, the National Health Board shall establish the fol-  
7 lowing institutes:

8 (1) NATIONAL INSTITUTE OF EPIDEMIOLOGY.—

9 A National Institute of Epidemiology, which shall—

10 (A) gather and analyze disease-related sta-  
11 tistics collected by the Service;

12 (B) plan, conduct, support, and assist in  
13 epidemiologic research conducted by the Serv-  
14 ice;

15 (C) conduct and support research on epi-  
16 demologic methodology and experimental epi-  
17 demiology;

18 (D) establish and maintain an early warn-  
19 ing system for the detection of new diseases  
20 and epidemics;

21 (E) assist in the formulation of policies to  
22 eliminate or reduce the causes of illness and in-  
23 jury and to prevent and curtail epidemics of  
24 these conditions; and

1 (F) provide technical assistance and sup-  
2 port to regional and local jurisdictions related  
3 to measures to prevent and curtail outbreaks of  
4 illness and injury.

5 (2) NATIONAL INSTITUTE OF EVALUATIVE  
6 CLINICAL RESEARCH.—A National Institute of Eval-  
7 uative Clinical Research, which shall—

8 (A) create a uniform electronic data base  
9 for research on quality improvement in clinical  
10 care and the organization and delivery of serv-  
11 ices, and for research on outcomes of care;

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

20 (C) analyze evidence on newly discovered  
21 or proposed preventive, diagnostic, and thera-  
22 peutic methods and agents;

23 (D) plan and conduct clinical trials, in con-  
24 formance with the limitations of subtitle A of  
25 title II;

1           (E) assist the National Health Board, in  
2 cooperation with other bodies, including the Na-  
3 tional Institute of Pharmacy and Medical Sup-  
4 ply, in developing guidelines and standards for  
5 the introduction of new methods of prevention,  
6 diagnosis, and treatment;

7           (F)(i) regularly assess and recommend  
8 measures to improve the health status of the  
9 population, which methods shall include anal-  
10 ysis of the national health data base, regular  
11 surveys of the population regarding their expe-  
12 rience and evaluation of their health and health  
13 services, and such other methods as designated  
14 by the Institute;

15           (ii) identify the most effective methods of  
16 prevention, diagnosis and treatment, as deter-  
17 mined by the most recent evidence, and assist  
18 the National Health Board, in cooperation with  
19 other bodies, in establishing guidelines to im-  
20 prove clinical practice, including clinical deci-  
21 sion criteria per section 221(f);

22           (iii) regularly monitor and report to the  
23 National Health Board for further action the  
24 extent of inappropriate care, including under-  
25 service and overservice, and its consequences;

1           (iv) develop additional methods of quality  
2           improvement for implementation by the Na-  
3           tional Health Board and other entities, includ-  
4           ing systematic review of patterns of practice  
5           that compromise the quality of care and rec-  
6           ommendations to redress such practices, edu-  
7           cation for health care workers to improve the  
8           quality of care, and guidelines for the optimal  
9           organization of health services and the use of  
10          tertiary care facilities;

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

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

21          (3) NATIONAL INSTITUTE OF HEALTH CARE  
22          SERVICES.—A National Institute of Health Care  
23          Services, which shall—

1           (A) analyze data and statistics on the  
2 health care resources and needs of the Nation  
3 and on the quality of present services;

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

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

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

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

22           (A) recommend to the National Health  
23 Board standards regarding the quality, dis-  
24 tribution, and price of all drugs, therapeutic de-

1 vices, appliances and equipment to be used by  
2 the Service;

3 (B) certify drugs, therapeutic devices, ap-  
4 pliances, and equipment for use in the health  
5 facilities of the Service, and for furnishing to  
6 users of such health facilities;

7 (C) assist the National Health Board in  
8 issuing a National Pharmacy and Medical Sup-  
9 ply Formulary; and

10 (D) conduct a comprehensive program of  
11 pharmaceutical and medical supply research  
12 and utilization education using regional facili-  
13 ties to the maximum extent possible.

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

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

21 (B) assess critically the effects of scientific  
22 medicine and of divisions in institutional and  
23 technical skills in health care;

1           (C) evaluate the effects of health care  
2           measures and policies upon population groups  
3           and subgroups in the Nation;

4           (D) identify and analyze the social, cul-  
5           tural, economic, occupational, distributional,  
6           and environmental factors in modern society af-  
7           fecting health and well-being;

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

12          (F) assist the National Health Board in  
13          formulating national policies relating to the pro-  
14          motion of health and the provision of health  
15          care.

16          (b) COORDINATION OF EFFORT.—The National  
17          Health Board will establish mechanisms for internal co-  
18          ordination of research among the five Institutes, and will  
19          also coordinate effort with agencies under the Department  
20          of Health and Human Services, including the Food and  
21          Drug Administration and the Health Resources and Serv-  
22          ices Administration.

1 **Subtitle D—Health Planning, Dis-**  
2 **tribution of Drugs and Other**  
3 **Medical Supplies, and Miscella-**  
4 **neous Functions**

5 **SEC. 431. HEALTH PLANNING AND BUDGETING.**

6 (a) **IN GENERAL.**—The National Health Board shall  
7 develop and implement guidelines to collect data on the  
8 supply of and demand for health workers in facilities  
9 under its supervision, and on the delivery of health care  
10 and supplemental services in health care facilities under  
11 its supervision, shall evaluate such data in relation to the  
12 health care needs of their respective area, and shall trans-  
13 mit such data and evaluation as necessary for implementa-  
14 tion, and shall make available such data and evaluations  
15 to residents of their respective area.

16 (b) **COORDINATION.**—The National Health Board  
17 shall coordinate the planning and administration of the  
18 delivery of health care services, health worker education,  
19 and health research within regions, and shall facilitate the  
20 planning and administration of such programs.

21 (c) **PLANS.**—The National Health Board shall formu-  
22 late a 1-year and 5-year national health plan and budget,  
23 taking into account the regional budgets prepared in ac-  
24 cordance with section 522.



1 **SEC. 432. DISTRIBUTION OF DRUGS AND OTHER MEDICAL**  
2 **SUPPLIES.**

3 (a) NATIONAL FORMULARY.—

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

9 (2) CONTENTS.—The Formulary shall contain a  
10 listing of drugs, therapeutic devices, appliances,  
11 equipment, and other medical supplies (including  
12 eyeglasses, other visual aids, hearing aids, and pros-  
13 thetic devices) (in this section referred to as “drugs  
14 and other medical supplies”). For each item on such  
15 listing the Formulary shall contain (A) the stand-  
16 ards of quality for the production of such item, (B)  
17 the medical conditions for which the item is certified  
18 as effective for purposes of the provision of health  
19 care services under this Act, and (C) such other in-  
20 formation on such item as the National Health  
21 Board determines to be appropriate for the effective  
22 and efficient delivery of health care services under  
23 this Act.

24 (3) UPDATING.—The National Health Board  
25 shall, at regular intervals, update the contents of the  
26 Formulary and publish a price list for items listed

1 in the Formulary, which prices shall reflect the ac-  
2 tual costs of manufacture.

3 (b) DRUG PURCHASE PROGRAMS.—

4 (1) IN GENERAL.—The National Health Board  
5 shall establish a program, in accordance with this  
6 subsection for the purchase and distribution of  
7 drugs and other medical supplies for use in health  
8 care facilities.

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

14 (3) GENERIC DISTRIBUTION.—Such program  
15 shall provide for the distribution and dispensing of  
16 drugs under their generic names.

17 (4) GENERIC NAMES DEFINED.—For purposes  
18 of paragraph (3), the term “generic names” means  
19 the established names, as defined in section  
20 502(e)(2) of the Federal Food, Drug, and Cosmetic  
21 Act (21 U.S.C. 352(e)(2)).

22 (c) AUTHORITY TO MANUFACTURE.—The National  
23 Health Board is authorized to establish and operate drug  
24 and medical supply manufacturing facilities, if it deter-

1 mines that such operation will result in reduced expendi-  
2 tures by the Service.

3 **SEC. 433. MISCELLANEOUS FUNCTIONS OF THE NATIONAL**  
4 **HEALTH BOARD.**

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

12 (b) DISSEMINATION.—The National Health Board  
13 shall, not later than the effective date of health services,  
14 prepare and disseminate, for use by users, information  
15 about health and health services deemed essential to en-  
16 sure users' active and informed participation in the health  
17 care system, including information that is culturally ap-  
18 propriate for each area's principal cultural and ethnic  
19 groupings, a comprehensive dictionary of terms used in  
20 health care records and services maintained or provided  
21 by the Service. Such dictionary shall explain terms related  
22 to symptoms, signs, diagnoses, etiologic agents and condi-  
23 tions, diagnostic procedures, and the treatment and pre-  
24 vention of, and rehabilitation following, illnesses, and shall  
25 include extensive citations of lay and professional sources

1 which a user might consult for additional information on  
2 such terms.

3       **TITLE V—FINANCING OF THE**  
4                                   **SERVICE**  
5       **Subtitle A—Health Service Taxes**

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

7           (a) HEALTH SERVICE TAXES.—

8                   (1) IN GENERAL.—Subchapter A of chapter 1  
9                   of the Internal Revenue Code of 1986 (relating to  
10                   normal taxes and surtaxes) is amended by adding at  
11                   the end the following new part:

12                                   **“PART VIII—HEALTH SERVICE TAXES**

                  “Sec. 59B. Tax imposed.

13       **“SEC. 59B. TAX IMPOSED.**

14           “(a) INDIVIDUALS, ESTATES, AND TRUSTS.—In ad-  
15           dition to other taxes, there is hereby imposed for each tax-  
16           able year on the taxable income of every individual and  
17           of every estate and trust taxable under section 1(d), a tax  
18           in an amount equal to 10 percent of the total tax imposed  
19           by section 1 for such taxable year.

20           “(b) CORPORATION.—In addition to the other taxes,  
21           there is hereby imposed for each taxable year on the tax-  
22           able income of every corporation, a tax in an amount equal  
23           to 90 percent of the total amount of the normal tax and  
24           surtax imposed by section 11 for such taxable year.”

1           (2) CLERICAL AMENDMENT.—The table of  
 2 parts of such subchapter A is amended by adding  
 3 after the item relating to part VII the following new  
 4 item:

“PART VIII. HEALTH SERVICE TAXES”.

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

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

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

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

20           “(a) GENERAL RULE.—Except as otherwise provided  
 21 in this section, gross income does not include contributions  
 22 by the employer to accident or health plans for compensa-  
 23 tion (through insurance or otherwise) to his employees for  
 24 personal injuries or sickness to the extent that such con-  
 25 tributions do not provide for health care and supplemental

1 services available to such employees under the Josephine  
2 Butler United States Health Service Act.”.

3 (c) DENIAL OF DEDUCTION OF HEALTH CARE EX-  
4 PENSES AS TRADE OR BUSINESS EXPENSES.—Section  
5 162 of such Code (relating to trade or business expenses)  
6 is amended by redesignating subsection (p) as subsection  
7 (q) and by adding after subsection (o) the following new  
8 subsection:

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

16 (d) DENIAL OF DEDUCTION FOR CONTRIBUTIONS TO  
17 CERTAIN MEDICAL AND HOSPITAL FACILITIES.—

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

1           (2) Subsection (e) of section 501 of such Code  
2           (relating to cooperative hospital service organiza-  
3           tions) is amended by striking the last sentence.

4           (e) DENIAL OF DEDUCTION FOR MEDICAL, DENTAL,  
5 ETC., EXPENSES.—

6           (1) Section 213 of such Code (relating to med-  
7           ical, dental, etc., expenses) is repealed.

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

11          (f) HOSPITAL INSURANCE TAX.—

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

15          (2) Subsection (b) of section 3101 of such Code  
16          (relating to rate of tax on employees under the Fed-  
17          eral Insurance Contributions Act) is repealed.

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

24          (4) Section 3211(a)(1) of such Code (relating  
25          to rate of tax on employee representatives under the

1 Railroad Retirement Tax Act) is amended by strik-  
2 ing “subsections (a) and (b)” the first place it ap-  
3 pears and inserting “subsection (a)”.

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

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

9 **SEC. 503. EXISTING EMPLOYER-EMPLOYEE HEALTH BEN-**  
10 **EFIT PLANS.**

11 No contractual or other nonstatutory obligation of  
12 any employer to pay for or provide any health care and  
13 supplemental service to his present and former employees  
14 and their dependents and survivors, or to any of such per-  
15 sons, shall apply on and after the effective date of health  
16 services to the extent such individuals are eligible to re-  
17 ceive such health care and supplemental services under  
18 this Act.

19 **SEC. 504. WORKERS COMPENSATION PROGRAMS.**

20 No workers compensation program, whether estab-  
21 lished pursuant to Federal or State law or private initia-  
22 tive, shall pay for or provide any health care and supple-  
23 mental services on and after the effective date of health  
24 services, to the extent such health care and supplemental  
25 services are available under this Act.



1     **Subtitle B—Health Service Trust**  
2                     **Fund**

3     **SEC. 511. ESTABLISHMENT OF HEALTH SERVICE TRUST**  
4                     **FUND.**

5             (a) ESTABLISHMENT.—There is hereby created on  
6 the books of the Treasury of the United States a trust  
7 fund to be known as the Health Service Trust Fund (in  
8 this title referred to as the “Trust Fund”). The Trust  
9 Fund shall consist of such gifts and bequests as may be  
10 made to the Service and such amounts as may be depos-  
11 ited in, or appropriated to, such fund as provided in this  
12 subtitle.

13             (b) APPROPRIATION.—There is hereby appropriated  
14 to the Trust Fund for each fiscal year beginning in the  
15 fiscal year in which the effective date of health services  
16 (as defined in title VI) falls, and for each fiscal year there-  
17 after, out of any moneys in the Treasury not otherwise  
18 appropriated, an amount equal to 100 percent of expected  
19 net receipts from the taxes imposed by sections 59B and  
20 3111(b) of the Internal Revenue Code of 1986 (as esti-  
21 mated by the Secretary of the Treasury). The amount ap-  
22 propriated by the preceding sentence shall be transferred  
23 from time to time from the general fund in the Treasury  
24 to the Trust Fund in such smaller amounts to be deter-  
25 mined on the basis of estimates by the Secretary of the

1 Treasury of the receipts specified in the preceding sen-  
2 tence; and proper adjustments shall be made in the  
3 amounts subsequently transferred to the extent prior esti-  
4 mates were in excess of or were less than the receipts spec-  
5 ified in such sentence.

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

8 (a) OF MEDICARE TRUST FUNDS.—On the effective  
9 date of health services, there are transferred to the Trust  
10 Fund all of the assets and liabilities of the Federal Hos-  
11 pital Insurance Trust Fund and the Federal Supple-  
12 mentary Medical Insurance Trust Fund.

13 (b) ADDITIONAL AMOUNTS.—In addition to the sums  
14 appropriated by section 511(b), there is appropriated to  
15 the Trust Fund for each fiscal year, out of any moneys  
16 in the Treasury not otherwise appropriated, a govern-  
17 mental contribution equal to 40 percent of the sums ap-  
18 propriated by section 511(b) for such fiscal year. There  
19 shall be deposited in the Trust Fund all recoveries of over-  
20 payments, and all receipts under loans or other agree-  
21 ments entered into, under this Act.

22 **SEC. 513. ADMINISTRATION OF HEALTH SERVICE TRUST**  
23 **FUND.**

24 (a) BOARD OF TRUSTEES.—With respect to the  
25 Trust Fund, there is hereby created a body to be known

1 as the Board of Trustees of the Trust Fund (in this sec-  
2 tion referred to as the “Board of Trustees”) composed of  
3 the Secretary of the Treasury, the Secretary of Health and  
4 Human Services, and the Chairperson of the National  
5 Health Board, all ex officio. The Secretary of the Treasury  
6 shall be the Managing Trustee of the Board of Trustees  
7 (in this section referred to as the “Managing Trustee”).  
8 The Chairperson of the National Health Board shall serve  
9 as the Secretary of the Board of Trustees. The Board of  
10 Trustees shall meet not less frequently than once each cal-  
11 endar year. It shall be the duty of the Board of Trustees  
12 to—

13 (1) hold the Trust Fund;

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

19 (3) report immediately to the Congress when-  
20 ever the Board is of the opinion that the amount of  
21 the Trust Fund is unduly small; and

22 (4) review the general policies followed in man-  
23 aging the Trust Fund, and recommend changes in  
24 such policies, including necessary changes in the

1 provisions of law which govern the way in which the  
2 Trust Fund is to be managed.

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

12 (b) INVESTMENT.—It shall be the duty of the Man-  
13 aging Trustee to invest such portion of the Trust Fund  
14 as is not, in his judgment, required to meet current with-  
15 draws. Such investments may be made only in interest  
16 bearing obligations of the United States or in obligations  
17 guaranteed as to both principal and interest by the United  
18 States. For such purpose such obligations may be acquired  
19 (1) on original issue at the issue price, or (2) by purchase  
20 of outstanding obligations at the market price. The pur-  
21 poses for which obligations of the United States may be  
22 issued under the Second Liberty Bond Act, as amended,  
23 are hereby extended to authorize the issuance at par of  
24 public debt obligations for purchase by the Trust Fund.

1       (c) ISSUANCE OF OBLIGATIONS.—Any obligations ac-  
2       quired by the Trust Fund (except public debt obligations  
3       issued exclusively to the Trust Fund) may be sold by the  
4       Managing Trustee at the market price, and such public  
5       debt obligations may be redeemed at par plus accrued in-  
6       terest.

7       (d) PAYMENT OF INTEREST.—The interest on, and  
8       the proceeds from the sale or redemption of, any obliga-  
9       tions held in the Trust Fund shall be credited to and form  
10      a part of the Trust Fund.

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

## 15      **Subtitle C—Preparation of Plans** 16                                      **and Budgets**

### 17      **SEC. 521. DETERMINATION OF FUND AVAILABILITY.**

18      (a) MAXIMUM FUNDS.—

19              (1) FIXING.—The National Health Board shall,  
20              not later than January 1 of each year, initially fix  
21              the maximum amount of funds which may (except as  
22              provided in subsection (c)) be obligated during the  
23              fiscal year beginning on October 1 of such year for  
24              expenditure from the Trust Fund.

1           (2) LIMITATION.—Such amount shall not ex-  
2       ceed for a fiscal year the lesser of—

3           (A) 140 percent of the expected net re-  
4       ceipts during the fiscal year (as estimated by  
5       the Secretary of the Treasury) from the taxes  
6       imposed by sections 59 and 3111(b) of the In-  
7       ternal Revenue Code of 1986;

8           (B) the amount of the aggregate obliga-  
9       tions that the National Health Board deter-  
10      mines were (or will be) incurred by the Service  
11      from the Trust Fund during the previous fiscal  
12      year, adjusted to reflect changes in the cost of  
13      living, in the number of users, and in the capac-  
14      ity of the Service to provide services under this  
15      Act; or

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

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

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

23          (B) of five percent or more in the cost of  
24      living, number of users, or the capacity of the  
25      Service to provide services under this Act.

1       The National Health Board shall promptly report to  
2       Congress any increase made in such amount and the  
3       reasons therefor.

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

9               (1) restriction of the amount to be made avail-  
10              able for obligation will not materially impair the ade-  
11              quacy or quality of health care and supplemental  
12              services provided to users, or

13             (2) improvement in the organization, delivery,  
14             or utilization of such services has lessened their ag-  
15             gregate cost (or increase in such cost).

16       (c) OBLIGATION.—The National Health Board may  
17       obligate for expenditure from the Trust Fund, in addition  
18       to the maximum amount which may be obligated in a fis-  
19       cal year under subsection (a), such funds as are necessary  
20       to provide health care and supplemental services needed  
21       because of an epidemic, disaster, or other occurrence  
22       which was not, and could not have been, reasonably  
23       planned for by the Board and for which the contingency  
24       fund provided in section 532(b)(7) is insufficient. The Na-  
25       tional Health Board shall promptly report to Congress any

1 obligation made pursuant to this subsection and the rea-  
2 sons therefor.

3 (d) OBLIGATION OF BORROWED AMOUNTS.—In addi-  
4 tion to the maximum amounts which may be obligated  
5 pursuant to subsection (a), the National Health Board  
6 may allocate funds borrowed in accordance with section  
7 541 for such purposes as it deems necessary and appro-  
8 priate.

9 **SEC. 522. PREPARATION OF REGIONAL BUDGETS.**

10 (a) POPULATION NEED.—In preparing its annual  
11 budget the National Health Board, in coordination with  
12 its local and regional authorities, shall determine the pro-  
13 jected per capita health expenditures for each region,  
14 based on the evaluation of health care needs described in  
15 this Act.

16 (b) BUDGET BREAKDOWNS.—In preparing its annual  
17 budget the National Health Board shall specify its oper-  
18 ating, prevention, capital, and research expenses antici-  
19 pated for the fiscal year covered by the budget and for  
20 the 5-year period beginning with such fiscal year for each  
21 such region.



1                   **Subtitle D—Allocation and**  
2                   **Distribution of Funds**

3 **SEC. 531. NATIONAL BUDGET.**

4           (a) PREPARATION.—The National Health Board  
5 shall prepare, taking into consideration the budgets pre-  
6 pared under section 522, as soon after April 1 of each  
7 year as is practicable, a national health budget for the fis-  
8 cal year beginning on October 1 of such year. Such budget  
9 shall divide the total funds available for obligation in such  
10 year, as determined under section 521, into funds for—

11                   (1) ordinary operating expenses;

12                   (2) preventive health measures, and which  
13 measures shall include primary prevention to im-  
14 prove the conditions under which people live that af-  
15 fect health status;

16                   (3) capital expenses;

17                   (4) research expenses; and

18                   (5) special operating expenses, as described in  
19 section 532.

20           (b) ORDINARY OPERATING EXPENSES.—Funds for  
21 ordinary operating expenses, for preventive health meas-  
22 ures, and for research expenses shall be divided among  
23 regions in the proportion which the number of residents  
24 in each region bears to the total population of the Nation,  
25 adjusted for population need as defined in this Act.

1           (c) CAPITAL EXPENSES.—Funds for capital expenses  
2 shall be allocated, to the extent consistent with the effi-  
3 cient and equitable use of resources, except that during  
4 the first 10 fiscal years following the effective date of  
5 health services, priority shall be given to regions lacking  
6 adequate health care facilities on such effective date.

7 **SEC. 532. SPECIAL OPERATING EXPENSE FUND.**

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

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

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

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

21               (4) the special health care needs of communities  
22 of color that experience disparities in health status  
23 compared to white populations;

1           (5) the special health care needs of residents of  
2 rural or frontier areas, or noncontiguous States and  
3 territories;

4           (6) special health care needs arising from envi-  
5 ronmental or occupational health conditions;

6           (7) special health care needs arising from unex-  
7 pected occurrences, including epidemics and natural  
8 disasters; and

9           (8) the conduct of environmental health inspec-  
10 tion and monitoring services.

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

13           (1) Funds for the additional operating expenses  
14 associated with the care and treatment of users 65  
15 years of age or older shall be allocated and shall con-  
16 sist of uniform basic capitation amounts multiplied  
17 by the number of residents 65 years of age or older  
18 in the respective areas. The basic capitation  
19 amounts for areas shall be determined by the Na-  
20 tional Health Board, based upon studies of the addi-  
21 tional operating expenses associated with the care  
22 and treatment of such residents in such areas.

23           (2) Funds for the additional operating expenses  
24 associated with the care and treatment of persons  
25 confined to full-time residential care institutions

1 shall be allocated and shall consist of a uniform  
2 basic capitation amount for each kind of institution,  
3 multiplied by the number of residents in such insti-  
4 tutions in the respective areas. The basic capitation  
5 amounts shall be determined by the National Health  
6 Board, based upon studies of the additional oper-  
7 ating expenses associated with the care and treat-  
8 ment of such persons and the maintenance of such  
9 institutions.

10 (3) Funds shall be allocated to areas for the ad-  
11 ditional operating expenses associated with the spe-  
12 cial health care needs of low-income persons. Such  
13 payments shall be allocated in proportion to the  
14 number of residents in these areas having incomes  
15 below the poverty level (as defined by the Secretary  
16 of Commerce). The total funds allocated for this  
17 purpose shall be no less than 2 percent of the ordi-  
18 nary operating expense funds allocated in accord-  
19 ance with section 531(a).

20 (4) Funds shall be allocated for the additional  
21 operating expenses associated with the special health  
22 care needs of communities of color to the extent that  
23 they experience disparities in health status compared  
24 to white populations. The basic capitation amounts  
25 shall be determined by the National Health Board,

1 based upon studies of the additional operating ex-  
2 penses associated with providing the necessary or  
3 appropriate health services for communities of color,  
4 and the additional expenses associated with elimi-  
5 nating such disparities in health status.

6 (5) Funds for the additional operating expenses  
7 associated with the special health care needs of resi-  
8 dents of rural or frontier areas, or noncontiguous  
9 States and territories, shall be allocated to commu-  
10 nities serving areas of low population density and  
11 shall consist of basic capitation amounts multiplied  
12 by the number of residents in the respective areas.  
13 The basic capitation amounts shall be determined by  
14 the National Health Board based upon studies of  
15 the additional operating expenses associated with the  
16 provision of health care in areas of low population  
17 density or extreme geographic access barriers, or  
18 both.

19 (6) Funds for the additional operating expenses  
20 associated with special regional health care needs  
21 arising from environmental and occupational health  
22 problems shall be allocated by the National Health  
23 Board in accordance with its determination of such  
24 special needs. The total funds allocated for this pur-  
25 pose shall be no greater than  $\frac{1}{2}$  of 1 percent of the

1 ordinary operating expense funds allocated in ac-  
2 cordance with section 531(a).

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

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

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

19 (a) IN GENERAL.—Funds allocated under the na-  
20 tional health budget shall be distributed by the National  
21 Health Board from the Trust Fund. Participating pro-  
22 viders may not request or receive funds from any other  
23 source.

24 (b) PAYMENTS AND EXPENDITURES.—All payments  
25 shall be expended in accordance with the budget adopted

1 under section 531. If the budget for any fiscal year is not  
2 adopted before the beginning of the fiscal year, until such  
3 budget is adopted the National Health Service shall con-  
4 tinue to receive ordinary operating expense funds, preven-  
5 tion expense funds, and research expense funds at the rate  
6 at which it was receiving such funds during the preceding  
7 fiscal year, and it shall receive special operating expense  
8 funds in accordance with section 532.

9 (c) ACCOUNTS.—The National Health Board shall  
10 maintain separate accounts for—

11 (1) funds for operating expenses, including or-  
12 dinary operating expenses and special operating ex-  
13 penses;

14 (2) funds for preventive health measures;

15 (3) funds for capital expenses; and

16 (4) funds for research expenses.

17 Funds in a capital expense account shall be expended only  
18 for capital expenses. Funds in a research expense account  
19 shall be expended only for operations, equipment, and fa-  
20 cilities for health and health care delivery research con-  
21 ducted in accordance with subtitle C of title IV. Separate  
22 accounts shall not be required for funds for ordinary oper-  
23 ating expenses and for special operating expenses.

1 (d) PAYMENT FREQUENCY.—Service providers under  
2 this Act shall be paid at such time or times as the National  
3 Health Board finds appropriate.

4 (e) ALLOCATION OF SUPPLEMENTARY PAYMENTS.—  
5 Before and during any fiscal year, supplementary funds  
6 may be allocated to any Service provider if the National  
7 Health Board finds that such funds are required by events  
8 occurring or information acquired after the initial alloca-  
9 tions were made.

10 (f) USE OF FUNDS.—Service providers may retain  
11 funds received from the National Health Board for 2 years  
12 following the receipt of such funds. Any funds which are  
13 unexpended after such time shall be returned to the Na-  
14 tional Health Board for deposit in the Trust Fund.

15 **SEC. 534. ANNUAL STATEMENT, RECORDS, AND AUDITS.**

16 (a) ANNUAL STATEMENT.—Each Service provider  
17 shall prepare annually and transmit to the National  
18 Health Board a statement which shall accurately show its  
19 financial operations and for the year for which such state-  
20 ment is prepared.

21 (b) RECORDKEEPING.—Each Service provider shall  
22 keep such records as determined to be necessary for the  
23 purposes of this Act, including for the facilitation of au-  
24 dits.



1 (c) AUDITS.—The National Health Board and the  
2 Comptroller General of the United States, or their duly  
3 authorized representatives, shall, for the purpose of au-  
4 dits, have access to any books, documents, papers, and  
5 records which in their opinion are related or pertinent to  
6 the operation of the Service.

## 7 **Subtitle E—General Provisions**

### 8 **SEC. 541. ISSUANCE OF OBLIGATIONS.**

9 (a) BORROWING AUTHORITY.—The National Health  
10 Board is authorized to borrow money and to issue and  
11 sell such obligations as it determines necessary to carry  
12 out the purposes of this Act, but only in such amounts  
13 as may be specified from time to time in appropriation  
14 Acts. The aggregate amount of any such obligations out-  
15 standing at any one time shall not exceed  
16 \$10,000,000,000.

17 (b) PLEDGING OF ASSETS.—The National Health  
18 Board may pledge the assets of the Trust Fund and  
19 pledge and use its revenues and receipts for the payment  
20 of the principal of or interest on such obligations, for the  
21 purchase or redemption thereof, and for other purposes  
22 incidental thereto. The National Health Board is author-  
23 ized to enter into binding covenants with the holders of  
24 such obligations, and with the trustee, if any, under any  
25 agreement entered into in connection with the issuance

1 thereof with respect to the establishment of reserve, sink-  
2 ing, and other funds, stipulations concerning the issuance  
3 of obligations or the execution of leases or lease purchases  
4 relating to properties of the Service and such other mat-  
5 ters as the National Health Board deems necessary or de-  
6 sirable to enhance the marketability of such obligations.

7 (c) FORM OF OBLIGATIONS.—Obligations issued by  
8 the Service under this section—

9 (1) shall be in such forms and denominations;

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

12 (3) shall mature at such time or times;

13 (4) shall be sold at such prices;

14 (5) shall bear such rates of interest;

15 (6) may be redeemable before maturity in such  
16 manner, at such times, and at such redemption pre-  
17 miums;

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

21 (8) shall be subject to other terms and condi-  
22 tions, as the National Health Board determines.

23 (d) CHARACTER OF OBLIGATIONS.—Obligations  
24 issued by the Service under this section shall—

1           (1) be negotiable or nonnegotiable and bearer  
2 or registered instruments, as specified therein and in  
3 any indenture or covenant relating thereto;

4           (2) contain a recital that they are issued under  
5 this section, and such recital shall be conclusive evi-  
6 dence of the regularity of the issuance and sale of  
7 such obligations and of their validity;

8           (3) be lawful investments and may be accepted  
9 as security for all fiduciary, trust, and public funds,  
10 the investment or deposit of which shall be under  
11 the authority or control of any officer or agency of  
12 the Government of the United States, and the Sec-  
13 retary of the Treasury or any other officer or agency  
14 having authority over or control of any such fidu-  
15 ciary, trust, or public funds, may at any time sell  
16 any of the obligations of the Service acquired under  
17 this section;

18           (4) be exempt both as to principal and interest  
19 from all taxation now or hereafter imposed by any  
20 State or local taxing authority except estate, inherit-  
21 ance, and gift taxes; and

22           (5) not be obligations of, nor shall payment of  
23 the principal thereof or interest thereon be guaran-  
24 teed by, the Government of the United States, ex-  
25 cept as provided in subsection (g).

1           (e) CONSULTATION WITH TREASURY.—At least 15  
2 days before selling any issue of obligations, the National  
3 Health Board shall advise the Secretary of the Treasury  
4 of the amount, proposed date of sale, maturities, terms  
5 and conditions, and expected maximum rates of interest  
6 of the proposed issue in appropriate detail and shall con-  
7 sult with him or his designee thereon. The Secretary may  
8 elect to purchase such obligations under such terms, in-  
9 cluding rates of interest, as he and the National Health  
10 Board may agree, but at a rate of yield no less than the  
11 prevailing yield on outstanding marketable Treasury secu-  
12 rities of comparable maturity, as determined by the Sec-  
13 retary. If the Secretary does not purchase such obliga-  
14 tions, the National Health Board may proceed to issue  
15 and sell them to a party or parties other than the Sec-  
16 retary upon notice to the Secretary and upon consultation  
17 as to the date of issuance, maximum rates of interest, and  
18 other terms and conditions.

19           (f) PURCHASE OF OBLIGATIONS.—Subject to the  
20 conditions of subsection (e), the National Health Board  
21 may require the Secretary of the Treasury to purchase ob-  
22 ligations of the Service in such amounts as will not cause  
23 the holding by the Secretary of the Treasury resulting  
24 from such required purchases to exceed \$2,000,000,000  
25 at any one time. This subsection shall not be construed

1 as limiting the authority of the Secretary to purchase obli-  
2 gations of the Service in excess of such amount.

3 (g) FULL FAITH AND CREDIT.—Notwithstanding  
4 subsection (d)(5), obligations issued by the Service shall  
5 be obligations of the Government of the United States,  
6 and payment of principal and interest thereon shall be  
7 fully guaranteed by the Government of the United States,  
8 such guaranty being expressed on the face thereof, if and  
9 to the extent that—

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

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

17 (h) PUBLIC DEBT TRANSACTION.—For the purpose  
18 of any purchase of the obligations of the Service, the Sec-  
19 retary of the Treasury is authorized to use as a public  
20 debt transaction the proceeds from the sale of any securi-  
21 ties issued under the Second Liberty Bond Act, as now  
22 or hereafter in force, and the purposes for which securities  
23 may be issued under the Second Liberty Bond Act, as now  
24 or hereafter in force, are extended to include any pur-  
25 chases of the obligations of the Service under this subtitle.

1 The Secretary of the Treasury may, at any time, sell any  
2 of the obligations of the Service acquired by him under  
3 this chapter. All redemptions, purchases, and sales by the  
4 Secretary of the obligations of the Service shall be treated  
5 as public debt transactions of the United States.

6 **SEC. 542. DEFINITIONS.**

7 For purposes of this title:

8 (1) OPERATING EXPENSES.—The term “oper-  
9 ating expenses” means the cost of providing, plan-  
10 ning, operating, and maintaining services, facilities,  
11 programs, and boards (other than those associated  
12 with research) established or furnished under this  
13 Act, and of capital buildings and equipment (other  
14 than those associated with research) costing less  
15 than \$100,000, except for funds associated with the  
16 conduct of preventive health measures and research.

17 (2) CAPITAL EXPENSES.—The term “capital ex-  
18 penses” means expenses which under generally ac-  
19 cepted accounting principles are not properly charge-  
20 able as expenses of operation and maintenance,  
21 which exceed \$100,000, and which are not associ-  
22 ated primarily with the conduct of research.

1           **TITLE VI—MISCELLANEOUS**  
2                           **PROVISIONS**

3   **SEC. 601. EFFECTIVE DATE OF HEALTH SERVICES.**

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

7   **SEC. 602. REPEAL OF PROVISIONS.**

8           (a) IN GENERAL.—Effective on the effective date of  
9 health services, the following provisions of law are re-  
10 pealed:

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

12                   (A) title I (relating to short title and defi-  
13 nitions), parts F and G of title III (relating to  
14 licensing and quarantine authority), and title  
15 XIV (relating to safety of public water sys-  
16 tems); and

17                   (B) titles VII and VIII, which shall remain  
18 effective, during the period beginning on such  
19 effective date and ending on the date occurring  
20 4 years after such effective date, with respect to  
21 the provision of assistance to educational insti-  
22 tutions, and students thereof, in areas which  
23 have not established health team schools under  
24 subtitle A of title III of this Act.

1           (2) Titles V, XVIII, XIX, and XXI of the So-  
2           cial Security Act (relating to the maternal and child  
3           health and crippled children's services, Medicare,  
4           Medicaid, and State children's health insurance pro-  
5           gram); part B of title XI of such Act (relating to  
6           professional standards review); sections 226, 1121  
7           through 1124, and 1126 of such Act (relating to en-  
8           titlement to hospital insurance benefits, uniform  
9           health reporting systems, limitation on Federal par-  
10          ticipation for capital expenditures, program for de-  
11          termining qualification for certain health care per-  
12          sonnel, disclosure of ownership and related informa-  
13          tion, and disclosure of certain convictions); and so  
14          much of title XX of such Act (relating to grants to  
15          States for services) as provides for payments to  
16          States for health care and supplemental services.

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

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

22           (5) Sections 1079 through 1083 and section  
23           1086 of title 10, United States Code (relating to the  
24           civilian health and medical program of the uni-  
25           formed services).



1           (6) The Comprehensive Alcohol Abuse and Al-  
2           coholism Prevention, Treatment, and Rehabilitation  
3           Act of 1970; the Comprehensive Alcohol Abuse and  
4           Alcoholism Prevention, Treatment, and Rehabilita-  
5           tion Act Amendments of 1974; and section 4 of the  
6           Comprehensive Drug Abuse Prevention and Control  
7           Act of 1970 (relating to medical treatment of nar-  
8           cotic addiction).

9           (7) Public Law 83–568 (42 U.S.C. 2001–  
10          2004b) (relating to hospital and other health facili-  
11          ties for Indians) and Public Law 85–151 (42 U.S.C.  
12          2005–2005f) (relating to community hospitals for  
13          Indians).

14          (8) The District of Columbia Medical Facilities  
15          Construction Act of 1968 and the District of Colum-  
16          bia Medical and Dental Manpower Act of 1970.

17          (9) Sections 232 and 242 and title XI of the  
18          National Housing Act (relating to mortgage insur-  
19          ance for nursing homes, hospitals, and group prac-  
20          tice facilities).

21          (10) The Mental Retardation Facilities and  
22          Community Mental Health Centers Construction Act  
23          of 1963.

24          (11) The Family Planning Services and Popu-  
25          lation Research Act of 1970.

1           (12) The National Arthritis Act of 1974 and  
2 the National Diabetes Mellitus Research and Edu-  
3 cation Act.

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

8           (14) The Act of March 2, 1897 (21 U.S.C. 41–  
9 50) (relating to tea importation).

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

14           (b) PREPARATION OF ADDITIONAL LIST.—

15           (1) IN GENERAL.—Not later than three years  
16 after the date of enactment of this Act, the Presi-  
17 dent shall prepare, in consultation with the appro-  
18 priate National Health Board, and transmit to Con-  
19 gress legislation—

20           (A) to repeal or amend such provisions of  
21 law as are inconsistent with the purposes of this  
22 Act or the provision of health care and supple-  
23 mental services by the Service under this Act;  
24 and

1 (B) to make such conforming and technical  
2 amendments in provisions of law as may be nec-  
3 essary to properly effect the repeal of provisions  
4 described in subsection (a) and the repeal or  
5 amendment of provisions described in subpara-  
6 graph (A) of this paragraph.

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

11 (A) the Controlled Substances Act;

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

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

18 (D) the Narcotic Addict Rehabilitation Act  
19 of 1966;

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

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

24 (G) the Lead-Based Paint Poisoning Pre-  
25 vention Act;

1 (H) the Federal Cigarette Labeling and  
2 Advertising Act;

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

5 (J) the Fair Packaging and Labeling Act;

6 (K) the Act of March 4, 1923 (21 U.S.C.  
7 61–64) (relating to filled milk);

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

10 (M) the Federal Caustic Poison Act;

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

14 (O) the Solid Waste Disposal Act,

15 to the Service as the President determines, after  
16 consultation with the National Health Board, to be  
17 appropriate.

18 (c) REVIEW OF PROGRAMS.—

19 (1) IN GENERAL.—The National Health Board  
20 shall, immediately upon its initial appointment, and  
21 in consultation with the Secretary of Health and  
22 Human Services, review the programs conducted  
23 under the specified provisions of the Public Health  
24 Service Act and the other Acts described in sub-

1 section (a) and shall determine how the Service shall  
2 carry out the purposes of such programs.

3 (2) INITIAL REPORT.—Not later than one year  
4 after the effective date of health services, the Na-  
5 tional Health Board shall report to the President  
6 and to the Congress on how the Service is carrying  
7 out the purposes of the programs authorized to be  
8 conducted under provisions of law which are re-  
9 pealed by subsection (a) (other than paragraph  
10 (1)(B) thereof).

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

17 (d) CODIFICATION PROPOSAL.—Not later than 2  
18 years after the effective date of health services, the Na-  
19 tional Health Board shall transmit to Congress a proposed  
20 codification of all the provisions of law which contain func-  
21 tions that are transferred or relate to the Service.

22 **SEC. 603. TRANSITION PROVISIONS.**

23 (a) TRANSFER OF APPROPRIATIONS.—Amounts ap-  
24 propriated to carry out the purposes of any provisions of  
25 law repealed by this Act and available on the effective date

1 of such repeal shall be transferred on such date to the  
2 Health Service Trust Fund (established under section 511  
3 of this Act).

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

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

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

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

21 (2) shall not affect (A) any right or obligation  
22 arising out of any matter occurring before the effec-  
23 tive date of such amendments, or (B) any adminis-  
24 trative or judicial proceeding (whether or not initi-

1       ated before that date) for the adjudication or en-  
2       forcement of any such right or obligation.

3       **SEC. 604. AMENDMENT TO BUDGET AND ACCOUNTING ACT.**

4       (a) HEALTH SERVICE BUDGET.—Subsection (h) of  
5       section 1105 of title 31, United States Code, is amended  
6       to read as follows:

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

15      (b) EFFECTIVE DATE.—The amendment made by  
16      subsection (a) shall apply with respect to fiscal years be-  
17      ginning more than 1 year after the date of enactment of  
18      this Act.

19      **SEC. 605. SEPARABILITY.**

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

○