

By Mr. Phelan of Lynn, petition of the Mass. State Labor Council and Robert G. Phelan for legislation to establish the Massachusetts Blue Cross-Blue Shield authority. Insurance.

**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Seventy-Five.

AN ACT ESTABLISHING THE MASSACHUSETTS BLUE CROSS-BLUE SHIELD AUTHORITY.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 There is hereby created and placed in the state department of  
2 administration and finance a body politic and corporate to be  
3 known as the "Massachusetts Blue Cross-Blue Shield Authori-  
4 ty," which shall not be subject to the supervision and regulation  
5 of the department of administration and finance or of any other  
6 department, commission, board, bureau or agency of the  
7 Commonwealth except to the extent and in the manner provided  
8 in this act. The Authority is hereby constituted a public  
9 instrumentality, and the exercise by the Authority of the powers  
10 conferred by this act shall be deemed and held to be the  
11 performance of an essential government function.

12 The Massachusetts Blue Cross-Blue Shield Authority shall  
13 consist of five members, to be appointed by the Governor, by  
14 and with the advice and consent of the council, who shall be  
15 residents of the Commonwealth, not more than three of whom  
16 shall be of the same political party. The members of the  
17 Authority first appointed shall continue in office for terms  
18 expiring on July first, nineteen hundred and seventy-five, July  
19 first, nineteen hundred and seventy-six, July first, nineteen  
20 hundred and seventy-seven, July first, nineteen hundred and  
21 seventy-eight, and July first, nineteen hundred and seventy-nine,  
22 respectively, the term of each such member to be designated by

23 the governor, and until their respective successors shall be duly  
24 appointed and qualified. The Governor shall designate one of  
25 the members as chairman who shall serve as such during his  
26 term of office. Upon the expiration of the term of office of such  
27 chairman, the governor shall appoint one of the members as his  
28 successor as chairman. The successor of each member shall be  
29 appointed for a term of five years, except that any person  
30 appointed to fill a vacancy shall serve only for the unexpired  
31 term. Any member of the Authority shall be eligible for  
32 reappointment. Each member of the Authority before entering  
33 upon his duties shall take an oath before the Governor to  
34 administer the duties of his office faithfully and impartially and  
35 a record of such oaths shall be filed in the office of the Secretary  
36 of the Commonwealth.

37 The Governor shall appoint one member from a list submitted  
38 by the Mass. State Labor Council, AFL-CIO and one member  
39 from a list submitted by the Massachusetts Hospital Association  
40 and one member from a list submitted by the Massachusetts  
41 Blue Cross-Blue Shield and the other members from the general  
42 public.

43 The Authority shall elect one of the members as vice chairman  
44 thereof and shall also elect a secretary-treasurer. Three members  
45 of the Authority shall constitute a quorum and the affirmative  
46 vote of three members shall be necessary for any action taken by  
47 the Authority. No vacancy in the membership of the Authority  
48 shall impair the right of a quorum to exercise all the rights and  
49 perform all the duties of the Authority.

50 The Authority shall have final approval of all rates for  
51 medical services provided by Blue Cross-Blue Shield and master  
52 dental coverage and shall promulgate such rates annually, after  
53 a public hearing. The Authority shall have the power to  
54 subpoena any and all records of any legal entity in the  
55 Commonwealth necessary to perform its function and to  
56 establish fair and equitable rates for all medical, dental,  
57 orthopedic or similar services.