

AN ACT

To further amend title 52 of the Code of the Federated States of Micronesia, as amended, by amending sections 402, 404, 405, 407, 408, 409 and 410 to provide for a Board of Directors to oversee the National Government Employees' Health Insurance Plan and National Government Employees' Health Insurance Fund, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1 Section 1. Section 402 of title 52 of the Code of the
2 Federated States of Micronesia is hereby further amended to read
3 as follows:

4 "Section 402. Definitions.

5 As used in this chapter:

6 (1) 'Administrator' means the National Government
7 Employees' Health Insurance Plan Administrator
8 established by the provisions of this chapter.

9 (2) 'Agency' means any municipal, State or
10 National Government public agency, institution or
11 entity.

12 (3) 'Board' or 'Board of Directors' means the
13 National Government Employees' Health Insurance Plan
14 Board of Directors established under the provisions of
15 this chapter.

16 (4) 'Business' means any quasi-public or private
17 business entity which is duly licensed to do business
18 under, and is doing business under, the laws of the
19 Federated States of Micronesia or its political

1 subdivisions, which is also a participant in the Social
2 Security system of the Federated States of Micronesia,
3 and which has been qualified to participate in the plan
4 pursuant to the regulations promulgated by the Director
5 under section 409 of this chapter.

6 (5) 'Costs of administration' means the following
7 costs of administering the plan:

8 (a) wages or salaries for personnel engaged in
9 administering the plan;

10 (b) necessary travel for personnel engaged in
11 administering the plan;

12 (c) costs and expenses for training of personnel
13 engaged in administering the plan;

14 (d) the costs of processing claims;

15 (e) the costs of printing informational booklets,
16 claim forms, and other necessary materials;

17 (f) the costs of necessary supplies and
18 equipment;

19 (g) the costs of communications necessary to the
20 operation of the plan;

21 (h) the costs of professional services necessary
22 to the operation of the plan.

23 (6) 'Dependents' means:

24 (a) the members of an employee's immediate
25 family, including grandchildren, dependent parents, and

1 dependent parents-in-law.

2 (7) 'Employee' means an employee of the National
3 Government of the Federated States of Micronesia, an
4 employee of a participating agency, or an employee of a
5 participating business.

6 (8) 'Full-time employee' means an employee who
7 works at least thirty-two hours of the regular and
8 scheduled workweek.

9 (9) 'Full-time student' means a student who
10 currently enrolled in classes totaling 12 or more
11 semester units at an accredited post-secondary
12 educational institution.

13 (10) 'Participating agency' or 'participating
14 agencies' means any public agency, public institution or
15 other public entity, either municipal, State or
16 National, participating in the plan pursuant to section
17 403 of this chapter.

18 (11) 'Participating business' or 'participating
19 businesses' means any business entity, whether quasi-
20 public or privately owned, participating in the plan
21 pursuant to section 403 of this chapter.

22 (12) 'Plan' means the National Government
23 Employees' Health Insurance Plan."

24 Section 2. Section 404 of title 52 of the Code of the
25 Federated States of Micronesia is hereby amended to read as

1 follows:

2 "Section 404. Establishment of Employees' Health
3 Insurance Fund.

4 (1) There is established a National Government
5 Employees' Health Insurance Fund, (hereinafter
6 'Employees' Health Insurance Fund') which shall be
7 separate from the General Fund or other funds. All sums
8 appropriated by Congress representing contributions of
9 the National Government to the plan, all sums
10 representing contributions of participating agencies to
11 the plan, and all employee contributions to the plan,
12 shall be deposited in the Employees' Health Insurance
13 Fund. Any unexpended money in the Employees' Health
14 Insurance Fund shall not revert to the General Fund or
15 lapse at the end of the fiscal year, but shall remain in
16 the Employees' Health Insurance Fund.

17 (2) The Board of Directors shall have the sole
18 authority to administer the Employees' Health Insurance
19 Fund in accordance with regulations promulgated under
20 this act. The Board shall maintain this Employees'
21 Health Insurance Fund in a separate custodial trust
22 account and may, from time to time, invest such moneys
23 that are in excess of the amount deemed necessary for
24 the operation of the plan during the reasonable future.
25 Such investments shall be low-risk and made in

1 consultation with the Secretary of the Department of
2 Finance. The investments shall at all times be made so
3 that all of the assets of the Employees' Health
4 Insurance Fund shall be readily convertible into cash
5 when needed for the purpose of this act. All income
6 earned on these investments shall be deposited into the
7 Employees' Health Insurance Fund."

8 Section 3. Section 405 of title 52 of the Code of the
9 Federated States of Micronesia is hereby amended to read as
10 follows:

11 "Section 405. Premium contributions.

12 Employees participating in the plan shall contribute the
13 percentage of the premium not paid by their employer for
14 insurance under the plan. The National Government of
15 the Federated States of Micronesia shall contribute at
16 least fifty-two percent of the premium for eligible
17 employees of the National Government participating in
18 the plan. Any participating agency or participating
19 business shall contribute at least fifty-two percent of
20 the premium for their employees participating in the
21 plan, or may at their request contract with the Board to
22 contribute more than fifty-two percent."

23 Section 4. Section 407 of title 52 of the Code of the
24 Federated States of Micronesia is hereby amended to read as
25 follows:

1 "Section 407. Health Insurance Plan Board of Directors
2 and Administrator.

3 (1) Creation. There is hereby established a National
4 Government Employees' Health Insurance Plan Board of
5 Directors to oversee the Plan and the assets of the
6 Employees' Health Insurance Fund. There is also hereby
7 established a new full-time position of National
8 Government Employees' Health Insurance Plan
9 Administrator. The Administrator shall be appointed by
10 the Board.

11 (2) Composition. The National Government Employees'
12 Health Insurance Plan Board of Directors shall consist
13 of not less than seven (7) members, including one
14 representative from each State of the Federated States
15 of Micronesia, who shall be recommended by the Governor
16 of the relevant State; one representative from the
17 National Government of the Federated States of
18 Micronesia; one representative from the private
19 healthcare sector; and the Administrator. Each
20 appointed member of the Board shall be appointed by the
21 President with the advice and consent of the Congress.
22 The Administrator shall serve as ex officio member of
23 the Board. All members of the Board shall be voting
24 members of the Board.

25 (3) Terms. Each appointed member of the Board shall

1 serve for a period of three (3) years, except that
2 initial appointments to the Board shall be made as
3 follows: two members for a period of one year; two
4 members for a period of two years; and two members for a
5 period of three years. Successors to the first
6 appointees hereunder shall be appointed for terms of
7 three years each. Vacancies other than by expiration of
8 term shall be filled by the President by appointment, in
9 the same manner as the original appointment was made,
10 for the unexpired term. Appointed members shall not
11 hold-over at the expiration of their terms, but may be
12 re-appointed to consecutive terms in the manner set
13 forth in this section.

14 (4) Organization. The Board shall provide for its own
15 organization and procedure, except that the Board shall,
16 at a minimum, designate a Chairman and a Secretary. The
17 Secretary shall keep all records of, and actions taken
18 by, the Board. These records shall be open to the
19 public_for public inspection. The Secretary of Justice
20 of the_Federated States of Micronesia shall act as legal
21 advisor to the Board.

22 (5) Meetings. The Board shall meet at least once
23 every 6 months. Meetings may be held at any time or
24 place within the FSM to be determined by the Board upon
25 the call of the Chairman or upon written request of any

1 four (4) members. All meetings shall be open to the
2 public and public notice of the time and place of such
3 meetings shall be posted in public places and shall be
4 announced on radio and television throughout the FSM and
5 in newspapers of general circulation in the FSM. Four
6 (4) members of the Board shall constitute a quorum for
7 the transaction of business.

8 (6) Compensation. Members of the Board shall serve
9 without compensation as such, but shall be entitled to
10 receive travel costs and per diem at standard National
11 Government rates when actually attending Board meetings
12 or engaged in the performance of duties authorized by
13 the Board. Any employee of the National Government
14 shall be granted leave with pay when actually attending
15 Board meetings or engaged in the performance of duties
16 authorized by the Board.

17 (7) General powers and duties.

18 (a) It shall be the responsibility of the Board
19 to promote the soundness, stability, growth and
20 development of the National Government Employees' Health
21 Insurance Plan and the National Government Employees'
22 Health Insurance Fund. To that end, the Board shall
23 have overall responsibility for administration of the
24 Plan, PROVIDED, however, that day-to-day operations of
25 the Plan shall be the responsibility of Administrator.

1 The Board shall have such other powers and duties as may
2 be necessary to carry out the purposes of this chapter.

3 (b) Responsibility for the proper day-to-day
4 operation of the Plan shall be vested in Administrator
5 who shall have power to delegate duties and
6 responsibilities to such employees of the Plan as the
7 Administrator deems feasible and desirable to carry out
8 the provisions of this chapter.

9 (c) The Board shall periodically consult with,
10 and seek the advice of, interested members of the public
11 in each respective State of the Federated States of
12 Micronesia regarding the operation of the Plan and shall
13 endeavor to ensure that such consultations are done with
14 persons broadly representative of actual and potential
15 participants in the Plan, including representatives of
16 the medical profession and participating businesses.

17 (8) Time for Implementation.

18 (a) All nominations for all positions on the
19 Board shall be transmitted to Congress within ninety
20 (90) days of the date this act becomes law.

21 (b) The Board shall appoint an Administrator
22 within 90 days of the date all Board members have been
23 appointed by Congress. If no Administrator is appointed
24 within this time, the Board shall submit to Congress a
25 detailed account of the steps it is taking to appoint an

1 Administrator and the reasons why it has not done so.

2 (c) Immediately upon the appointment of the
3 Administrator, all employees of the Plan who hold a job
4 title containing the word 'Chief' shall be given a new
5 job title and the word 'Chief' shall be deleted from the
6 job title.

7 Section 5. Section 408 of title 52 of the Code of the
8 Federated States of Micronesia is hereby amended to read as
9 follows:

10 "Section 408. Reporting.
11 Prior to the commencement of each regular May session of
12 Congress, the Board, through the Administrator, shall
13 prepare and submit to the President of the Federated
14 States of Micronesia and to the Speaker of the Congress
15 an annual report on the status of the plan. This report
16 shall include a statement of the amount of money on
17 deposit in the Employees' Health Insurance Fund as of
18 the date of the annual report, the amount of premiums
19 collected and interest earned during the preceding
20 fiscal year, the amount of money disbursed for claims
21 during the preceding fiscal year, the number of claims
22 paid during the preceding fiscal year, the costs of
23 administration, and such other information as the Board
24 may deem appropriate."

25 Section 6. Section 409 of title 52 of the Code of the

1 Federated States of Micronesia is hereby amended to read as
2 follows:

3 "Section 409. Promulgation of regulations.

4 (1) The Board, with the approval of the President,
5 shall promulgate regulations, pursuant to chapter 1 of
6 title 17 of this code, governing the amount of the
7 premium for insurance under the plan, the procedure for
8 making claims under the plan, the amount and type of
9 benefits under the plan, the policy limits under the
10 plan, and such other matters as may be consistent with
11 the contents and purpose of this chapter, including the
12 implementation of those provisions of this chapter
13 pertaining to participating agencies and participating
14 businesses.

15 (a) The Board shall promulgate no regulation
16 allowing a claim for benefits under the plan to be
17 denied on the grounds that the medical condition giving
18 rise to the claim existed before the person making the
19 claim began participating in the plan. Any such
20 existing regulation is hereby retroactively repealed for
21 a period of six months from the date this act becomes
22 law.

23 (2) The plan may:

24 (a) provide, arrange for, pay for, or reimburse
25 the costs of medical, dental and vision treatment and

1 care, hospitalization, surgery, prescription drugs,
2 medicine, prosthetic appliances, out-patient care, and
3 other medical care benefits, in cash or the equivalent
4 in medicines and supplies;

5 (b) provide life insurance benefits;

6 (c) contract with private sector insurance
7 companies to provide benefits; and

8 (d) contract for other services as needed."

9 Section 7. Section 410 of title 52 of the Code of the
10 Federated States of Micronesia is hereby amended to read as
11 follows:

12 "Section 410. Off-island medical referral.

13 (1) No payment shall issue for any off-island medical
14 referral unless:

15 (a) The procedure is one which must or may be
16 performed off-island under the standard medical referral
17 criteria, or cannot be effectively performed at the
18 referring hospital, and the referral conforms to all
19 referral procedures set forth in the regulations; or

20 (b) The Administrator that a medical emergency
21 existed, the necessary surgery or treatment could not
22 have been performed effectively at the referring
23 hospital, and the delay necessary to follow proper
24 procedures would have resulted in death or permanent
25 serious damage to the health of the patient; or

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