A BILL FOR AN ACT

To amend chapter 4 of title 52 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 12-77, 14-49, 15-52, and 15-82, by amending sections 401, 402, 404, 407, 408 and 409 to clarify the name of the Plan and the role of the Administrator, and to improve the management and oversight of the program, and for other purposes.

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

Section 1. Section 401 of title 52 of the Code of the Federated States of Micronesia, as hereby further amended to read as follows:

"Section 401. Short title.
This chapter shall be known as the ["National Government Employees"] MiCare Health Insurance Plan Act [of 1984]."

Section 2. Section 402 of title 52 of the Code of the Federated States of Micronesia, as amended by Public Law No. 12-77, is hereby further amended to read as follows:

"Section 402. Definitions.
As used in this chapter:

(1) ‘Administrator’ means the [the National Government Employees’] MiCare Health Insurance Plan Administrator as established by the provisions of this chapter.

(2) ‘Agency’ means any municipal, State or National Government public agency, institution or entity."
(3) ‘Board’ or ‘Board of Directors’ means [the National Government Employees'] the MiCare Health Insurance Plan Board of Directors established under the provisions of this chapter.

(4) ‘Business’ means any quasi-public or private business entity which is duly licensed to do business under, and is doing business under, the laws of the Federated States of Micronesia or its political subdivisions, which is also a participant in the Social Security system of the Federated States of Micronesia, and which has been qualified to participate in the Plan pursuant to the regulations promulgated by the Director under section 409 of this chapter.

(5) ‘Costs of administration’ means the following costs of administering the plan:

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

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

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

(d) the costs of processing claims;

(e) the costs of printing informational booklets, claim forms, and other necessary materials;
(f) the costs of necessary supplies and equipment;

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

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

(6) ‘Dependants’ means:

(a) the members of an employee’s immediate family, including grandchildren, dependent parents, and dependent parents in-law.

(7) ‘Employee’ means an employee of the National Government of the Federated States of Micronesia, an employee of a participating agency, or an employee of a participating business.

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

(9) ‘Fulltime student’ means a student who is currently enrolled in classes [totaling 12 or more semester units] at an accredited elementary, secondary or post-secondary educational institution.

(10) ‘Participating agency’ or ‘participating agencies’ means any public agency, public institution or other public entity, either municipal, State or National, participating in the plan pursuant to
section 403 of this chapter.

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


Section 3. Section 404 of title 52 of the Code of the Federated States of Micronesia, as amended by Public Law No. 12-77, is hereby further amended to read as follows:

“Section 404. Establishment of [Employees'] MiCare Health Insurance Fund.

(1) There is established a [National Government Employees'] MiCare Health Insurance Fund, (hereinafter [Employees'] ‘Health Insurance Fund’) which shall be separate from the General Fund or other funds. All sums appropriated by Congress representing contributions of the National Government to the plan, all sums representing contributions of participating agencies to the plan, and all employee contributions to the plan, shall be deposited in the [Employee'] MiCare Health Insurance Fund. Any unexpended money in the [Employees'] MiCare Health Insurance Fund shall not revert to the General Fund or lapse at the end of the fiscal year, but shall
remain in the [Employees'] MiCare Health Insurance Fund.

(2) The Board of Directors shall have the sole authority to administer the [Employees'] MiCare Health Insurance Fund in accordance with regulations promulgated under this act. The Board shall maintain this MiCare [Employees'] Health Insurance Fund in a separate custodial trust account and may, from time to time, invest such moneys that are in excess of the amount deemed necessary for the operation of the plan during the reasonable future. Such investments shall be low-risk and made in consultation with the Secretary of the Department of Finance or reputable licensed investment consultant(s). The investments shall at all times be made so that all of the assets of the [Employees'] MiCare Health Insurance Fund shall be readily convertible into cash when needed for the purpose of this act. All income earned on these investments shall be deposited into the [Employees'] MiCare Health Insurance Fund.”

Section 4. Section 407 of title 52 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 12-77 and 14-49, is hereby further amended to read as follows:

"Section 407. Health Insurance Plan Board of Directors and Administrator."
(1) Creation. There is hereby established a [National Government Employees'] MiCare Health Insurance Plan Board of Directors to oversee the Plan and the assets of the [Employees'] MiCare Health Insurance Fund. There is also hereby established a new full-time position of [National Government Employees'] MiCare Health Insurance Plan Administrator. The Administrator shall be appointed by the Board. The Administrator shall serve at the pleasure of the Board of Directors and shall be exempt from the provisions of the National Public Service System Act.

(2) Composition. The [National Government Employees'] MiCare Health Insurance Plan Board of Directors shall consist of [not less than seven (7)] five (5) voting members; [including] one representative from each State of the Federated States of Micronesia, who shall be recommended by the Governor of the relevant State; and one representative from the National Government of the Federated States of Micronesia. [; and one representative from the private healthcare sector; and the Administrator.] Each appointed member of the Board shall be appointed by the President with the advice and consent of the Congress. The
Administrator shall serve as ex officio non-voting member of the Board. In the event of a deadlock or evenly divided vote on an action or a decision, the Administrator may vote. All other members of the Board shall be voting members of the Board.

(3) Terms. Each appointed member of the Board shall serve for a period of three (3) years, except that initial appointments to the Board shall be made as follows: two members for a period of one year; two members for the period of two years; and two members for a period of three years. Successors to the first appointees hereunder shall be appointed for terms of three years each. Vacancies other than by expiration of term shall be filled by the President by appointment, in the same manner as the original appointment was made, for the unexpired term. Appointed members shall not hold-over at the expiration of their terms, but may be reappointed to consecutive terms in the manner set forth in this section.

(4) Organization. The Board shall provide for its own organization and procedure, except that the Board shall, at a minimum, designate a Chairman and a Secretary. The Secretary shall keep all records of, and actions taken by, the Board. These records shall
be open to the public for public inspection. The Secretary of Justice of the Federated States of Micronesia shall act as legal advisor to the Board until the Board of Directors appoints its own legal advisor. In case of conflict of interest or under special circumstances, the Plan can retain services of private counsel(s).

(5) Meetings. The board shall met at least once every 6 months. Meetings may be held at any time or place within the FSM to be determined by the Board upon the call of the Chairman or upon written request of any four (4) members. All meetings shall be open to the public and public notice of the time and place of such meetings shall be posted in public places and shall be announced on radio and television throughout the FSM and in newspapers of general circulation in the FSM. Four (4) members of the Board shall constitute a quorum for the transaction of business.

(6) Compensation. Members of the board shall be paid at a rate established by the Board when actually performing their duties under this chapter; provided that officials and employees of the State Governments or the Government of the Federated States of Micronesia who are members of the Board shall not receive any compensation. All members shall be
entitled to receive travel costs and per diem at
standard National Government rates when actually
attending Board meetings or engaged in the
performance of duties authorized by the Board. Any
employee of the National Government shall be granted
leave with pay when actually attending Board meetings
or engaged in the performance of duties authorized by
the Board.

(7) General powers and duties.

(a) It shall be the responsibility of the Board
to promote the soundness, stability, growth and
development of the [National Government Employees’]
MiCare Health Insurance Plan and [the National
Government Employees’] the MiCare Health Insurance
Fund. To that end, the Board shall have overall
responsibility for administration of the Plan,
PROVIDED, however, that day-to-day operations of the
Plan shall be the responsibility of Administrator.
The Board shall have such other powers and duties as
may be necessary to carry out the purposes of this
chapter.

(b) Responsibility for the proper day-to-day
operation of the Plan shall be vested in the
Administrator who shall have the power to delegate
duties and responsibilities to [such] employees of
the Plan as the Administrator deems feasible and
desirable to carry out the provisions of this
chapter. The Administrator shall have the authority
to establish contractual service arrangements with
healthcare providers; determine types and forms of
services to be provided by health care providers;
ensure the professionals serving the MiCare clients
are qualified and certified; and oversee the
financial accounting and auditing responsibilities.

(c) the Board shall periodically consult with,
and seek the advice of, relevant government
authorities, interested members of the public in each
respective State of the Federated States of
Micronesia regarding the operation, protection and
survivability of the Plan and shall endeavor to
ensure that such consultations are done with persons
broadly representative of actual and potential
participants in the Plan, including representatives
of the medical profession and participating
businesses.

(d) MiCare shall conduct an annual claim audit
to identify possible claim frauds and abuses by
Health Care Providers. Claim audit findings shall be
reported to the Board of Directors, to the Public
Auditor of the Federated States of Micronesia and to
the Office of the Secretary of the Department of
Justice of the Federated States of Micronesia for
appropriate review and actions.

(e) MiCare shall accept only physicians with
FSM Medical licenses to provide services to MiCare
members within the Federated States of Micronesia.
Likewise, the Administrator must ascertain that
physicians providing medical services to referral
patients are licensed in the relevant jurisdiction.

(f) MiCare may suspend or terminate a service
contract with health care providers based on findings
of claim audits and other non-compliance.

(g) MiCare shall establish a Formulary with
prices of all covered medicine and pharmaceutical
supplies and Relative Unit Value (RUV) schedule to
guide the costs of medical services covered by
MiCare.

(h) MiCare reserves the right to refuse
payments on any medical claim with clear evidence of
conflict of interest, including doctors and family
members performing their own consultations, diagnoses
and prescriptions.

(8) Time for Implementation.

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

(b) The Board shall appoint an Administrator within 90 days of the date all Board members have been appointed by Congress. If no Administrator is appointed within this time, the Board shall submit to Congress a detailed account of the steps [it is taking] taken to appoint an Administrator and the reasons why it has not done so.

(c) Immediately upon the appointment of the Administrator, all employees of the Plan who hold a job title containing the word ‘chief’ shall be given a new job title and the word ‘chief’ shall be deleted from the job title.”

Section 5. Section 408 of title 52 of the Code of the Federated States of Micronesia, as amended by Public Law No. 12-77, is hereby further amended to read as follows:

"Section 408. Reporting.

Prior to the commencement of each regular May session of Congress, the Board, through the Administrator, shall prepare and submit to the President of the Federated States of Micronesia and to the Speaker of the Congress an annual report on the status of the plan. This report shall include a statement of the amount of money on deposit in the ["Employees"] MiCare Health Insurance Fund as of the date of the
annual report, the amount of premiums collected and interest earned during the preceding fiscal year, the amount of money disbursed for claims during the preceding fiscal year, the number of claims paid during the preceding fiscal year, the costs of administration, and such other information as the Board may deem appropriate.”

Section 6. Section 409 of title 52 of the Code of the Federated States of Micronesia, as amended by Public Law No. 12-77, is hereby further amended to read as follows:

"Section 409. Promulgation of regulations.

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

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

(2) The plan may:

(a) provide, arrange for, pay for, or reimburse the costs of medical, dental and vision treatment and care, hospitalization, surgery, prescription drugs, medicine, prosthetic appliances, out-patient care, and other medical care benefits, in cash or the equivalent in medicines and supplies;

(b) provide life insurance benefits;

(c) contract with private sector insurance companies to provide benefits; [and]

(d) contract for other services as needed;

(e) establish clinics and pharmacies as needed; and

(f) establish and manage its own financial and personnel management rules and regulations.

Section 7. This act shall become law upon approval by the
President of the Federated States of Micronesia or upon its becoming law without such approval.

Date: 11/9/11  Introduced by: /s/ Florencio S. Harper

Florencio S. Harper
(by request)