

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTIAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

The Honorable Dohsis Halbert  
Speaker, Eighteen Congress  
Federated States of Micronesia  
First Regular Session, 2013

Dear Mr. Speaker:

Your Committee on Health and Social Affairs, to which was jointly referred the National Government's proposed FY2014 budget, begs leave to report as follows:

Presidential Communication No. 17-379 was transmitted to Congress with the National Government Fiscal Year 2014 Recommended Budget ("Budget Book") on April 1, 2013. Pursuant to Rule 7, Section 3(b) of the Official Rules of Procedure of the Eighteenth Congress of the Federated States of Micronesia, your Committee has limited its review to those portions of the budget relating to matters under its jurisdiction. Your Committee shall review the following departments and divisions of the Department of Health and Social Affairs for the Fiscal Year 2014 budget items:

- I. Department of Health and Social Affairs
  - A. Office of the Secretary
  - B. Division of Health System Support
  - C. Division of Environmental Health Services
  - D. Gender Development Unit
  - E. Sport & Youth Unit
- II. Office of National Archives, Culture and Historic Preservation
- III. Grants, Subsidies & Contributions
  - A. Department of Health and Social Affairs
    - 1. Grants
      - a. National Board of Nursing & Medical Licensing
      - b. FSM Red Cross
    - 2. Contributions

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTIAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

- a. United Nations Fund for Population Activity (UNFPA)
- b. World Health Organization (WHO)
- c. FSM Amateur Sports Association
- d. Pacific Islands Health Officer Associations (PIHOA)
- e. Association of Territorial Health Organizations
- f. UNICEF (Vaccines)
- B. Office of National Archives, Culture and Historic Preservation
  - 1. Contributions
    - a. United Nations Educational, Scientific and Cultural Organization (UNESCO)
    - b. National Conference of State Historic Preservation Officers (NCSHPO)
    - c. Pacific Regional Branch of the International Council on Archives (PARBICA)
    - d. Pacific Islands Association of Libraries and Archives (PIALA)
    - e. WHC membership fee
  - C. Other Grants, Subsidies & Contributions
    - 1. MiCare
    - 2. FSM Social Security Administration
- IV. Capital and Human Resource Development
  - A. Department of Health and Social Affairs
    - 1. Health Services Special Pathologist
    - 2. Environment (Food/Water Testing Lab)
    - 3. Medical Specialist Team
    - 4. Data Verification and Analysis
    - 5. States Initiatives on Non-Communicable Disease
    - 6. Sport Facility Contribution/Multi-Purpose Building

Your Committee is guided in this report by three overarching decisions: 1) to maintain funding from Domestic Revenue for the Fiscal Year 2014 at the level of FY2013 appropriations, and 2) to recommend that no new positions be funded for FY2014, and 3) that the number of employees under the National Department of Health and Social Affairs remain at or below Fiscal Year 2013 levels. The Committee notes there are some minor inaccuracies in the President's Budget Book for FY2014, and will analyze each in the relevant category below.

This report, and all previous and subsequent reports of your Committee, should be treated as reflecting policies of the Federated States of Micronesia, as defined by Congress. It is the intent of your Committee that any commentary found in this report should be treated as policy for the guidance of the department, agencies and entities.

RE: PRESIDENTAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

Your Committee on Health and Social Affairs held public hearings on May 15, 16 and 17, 2013 regarding the above budget items for the National Department of Health and Social Affairs, the Office of the National Archives, Culture and Historic Preservation, MiCare and the Social Security Administration. Present at these hearings were the Secretary of Health and Social Affairs and her key staff from all the relevant divisions, representatives of the Department of Justice, representatives of the Office of the President, the Director of SBOC and her key staff, and representatives from the Department of Finance and Administration, and the Office of Personnel.

# 1. DEPARTMENT OF HEALTH AND SOCIAL AFFAIRS

## A. Administration-Office of the Secretary

	FY'13 Approp.	FY'14 President Recommend Total	FY'14 Committee Domestic	FY'14 Committee Sector	FY'14 Committee Recommend Total
Personnel	75,515	75,515	75,515	-0-	<b>75,515</b>
Travel	48,000	48,000	48,000	-0-	<b>48,000</b>
Contract	12,000	67,000	12,000	-0-	<b>12,000</b>
OCE	23,000	23,000	23,000	-0-	<b>23,000</b>
Fixed Assets	-0-	-0-	-0-	-0-	
Total	158,515	213,515	158,515	-0-	<b>158,515</b>
Number Employees	3	3	3		<b>3</b>

The President's Budget Book recommends funding for FY2014 for the Office of the Secretary at \$213,515. The entire budget for the Office is to be funded from Domestic Revenue. Your Committee notes that the total amount appropriated for the Office of the Secretary for FY2013 was \$158,515 not the \$155,515 cited in the President's Budget Book. The commentary from your Committee is as follows:

Your Committee notes that the Personnel, Travel, OCE and Fixed Assets costs for the Office of the Secretary as recommended by the President for FY 2014 remain unchanged from those appropriated for FY2013. However, the President's recommendation for FY2014 for Contractual Services at \$67,000 is dramatically increased as compared to that appropriated for FY2013 at \$12,000.

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTIAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

The Secretary of Health and Social Affairs confirmed that most of her Department will be moving into a new building with the Office of the Secretary. The Secretary acknowledged that the rental of the new building was expensive, but stated it was reasonable because of its size. Further, she stated that this new office space will allow the Department to be more efficient as employees will no longer be scattered between four different buildings.

When questioned as to whether Sector grant and programs funded by U.S. federal grants could contribute to the building rent in proportion to the number of employees housed in the new building funded from those sources, the Secretary replied that this was anticipated. The Secretary then stated that a calculation had not been made as to the amount that would be contributed to the building rent from Sector or programs funded by U.S. federal grants. However, at the hearing it was estimated that at least 25 employees funded by Sector and U.S. federal grants would be housed in the new building.

Your Committee notes that in FY2013 additional money was appropriated for building rental for the Office of the Secretary above what was requested to meet the Secretary's needs, and was a portion of the \$12,000 in Contractual Services. Further, it is the decision of this Committee to maintain FY2013 funding levels in Domestic Revenue for FY2014 for the Department. Therefore, your Committee recommends \$3,000 for maintaining office equipment and \$9,000 for the Office of the Secretary's portion of building rent, for a total of \$12,000 for Contractual Services.

**In accordance with the above analysis your Committee recommends \$158,515 for Fiscal Year 2014 for the Office of the Secretary of Health and Social Affairs funded entirely from Domestic Revenue.**

**B. Division of Health System Support**

	FY'13 Approp.	FY'14 President Recommend Total	FY'14 Committee Domestic	FY'14 Sector	FY'14 Committee Recommend Total
Personnel	104,170	116,670	-0-	103,270	103,270
Travel	89,536	126,536	-0-	109,536	109,536
Contract	16,000	16,000	-0-	16,000	16,000
OCE	29,668	36,668	-0-	34,668	34,668

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

Fixed Assets	-0-	-0-	-0-	-0-	-0-
Total	239,374	295,874	-0-	263,474	263,474
Number Employees	6	7	-0-	6	6

The President's Budget Book recommends funding for Fiscal Year 2014 for the Division of Health System Support at \$295,874. This Division is entirely funded by the Compact Health Sector Grant. The commentary of your Committee is as follows:

**Personnel:** In the President's Budget Book a position for Health Educator with a salary of \$14,772 is listed as funded from Domestic Revenue. It was confirmed by SBOC that the position of Health Educator was moved last year from the Office of the Secretary to the Division of Health and System Support and is actually funded by Sector grant. The duties for this position remain the same as in past years. The Secretary also stated that this position is now located in its proper Division as it is not administrative in nature.

A new position was proposed for a Medical Laboratory Specialist (Ungraded) with a salary of \$12,500. As was previously indicated in the introduction to this report it is the decision of your Committee to maintain the employee levels for the National Department of Health and Social Affairs at the FY2013 level and not to recommend the creation of any new positions. In accordance with this decision your Committee does not recommend funding the Medical Laboratory Specialist.

The Committee notes another small inaccuracy in this Personnel section. The Program Manager position is listed at 38/1 with a salary of \$18,097 in the President's Budget Book, but this position is actually at 34/2 and with a salary of \$17,197, as per the Office of Personnel. Your Committee believes this is a minor error and recommends correction to reflect the actual pay, step and level according to the Office of Personnel.

In accordance with your Committee's analysis above it recommends funding for Personnel for the Division of Health System Support in the amount of \$103,270 for FY2014.

**Travel:** During its public hearings your Committee questioned the large increase in travel for this Division requested for FY2014. The Secretary stated that her Department intends to bring the stakeholders

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTIAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

together for a conference on traditional medicine this year, and would like to further promote this area in the future.

Also, a separate trip was planned for the health mapping process. The Secretary stated in previous years the health mapping had been done during other conferences, however, it was never allocated enough time to finish the task. This next year she would like to make a concentrated effort to have this completed. Your Committee expects that these projects will be finished in FY2014, and requests quarterly reports during the year.

Your Committee is satisfied with the Secretary's explanation, and in particular, it strongly supports the development of our local medicine. However, the Committee believes that some of the effects in health mapping can be achieved by State departments of health forwarding information to the National Department of Health and Social Affairs, and it is for that reason the Committee does not recommend the entire funding as set forth in the Budget Book. The Committee also expects that the additional travel accompanying these projects will be completed in a year or two, and that the travel budget may again be reduced. For the reasons set forth above the Committee recommends funding for Travel for this Division at \$109,536 for FY2014.

**Contract:** The Department requests that the small contracts for Community Health Mapping and Minimum Standard of Health Care Management continue to be funded at \$8,000 each, the same amount which was appropriated in FY2013. Your Committee concurs with the President's recommendation of \$16,000 for Contractual Services for this Division.

**OCE:** The funding recommended by the President for FY2014 for this category has gone up compared to that appropriated for FY2013. When the Committee inquired as to what additions are needed for FY2014 in this category the Secretary stated that much of the increase is due to the need to develop new computer programs to utilize and analyze the health data. The Secretary also reminded the Committee that her Department bears the majority of the costs to maintain communications with the States. The Committee accepts these explanations, but again, voiced its strong request that in future years, once the proper computer software is in place, that costs in this category again decrease. Your Committee is satisfied with the need to develop new computer programs, but believes that this can be done without such high cost. Your Committee recommends funding the entire \$34,668 for OCE for the Division of Health System Support.

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTIAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

**Your Committee recommends \$263,474 for Fiscal Year 2014 for the Division of Health System Support funded entirely from Compact Health Sector Grant.**

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

**C. Division of Environmental Health Services**

	FY'13 Approp.	FY'14 President Recommend Total	FY'14 Committee Domestic	FY'14 Committee Sector	FY'14 Committee Recommend Total
Personnel	154,130	175,425		154,132	154,132
Travel	29,879	27,914		27,914	27,914
Contract	28,000	38,000		38,000	38,000
OCE	36,500	33,500		33,500	33,500
Fixed Assets	-0-	-0-		-0-	-0-
Total	248,509	273,939		253,546	253,546
Number Employees	11	13		11	11

The President's Budget Book recommends funding for Fiscal Year 2014 for the Division of Environmental Health Services at \$273,939. This Division will be funded completely from the Compact Health Sector Grant. The commentary of your Committee follows:

**Personnel:** The Department has requested two new positions for the Division of Environmental Health Services for several years. The Secretary stated that these National Food Inspector positions are necessary due to the heavy import and export traffic in Yap and Pohnpei. In the past the Secretary has stressed that only with the inclusion of these new positions would those two States be able to live up to there potential.

During the May 2013 public hearings your Committee took the opportunity to note its concerns to witnesses regarding increasing the Department's size, particularly at this time. Members of your Committee noted that currently a team from the Asian Development Bank (ADB) is tasked with a project to study, among other things, whether our State and National Governments are the right size. Further, the Committee stated often studies such as these come back with a recommendation for reducing the number of employees in government, so any proposed increase in the number of positions in the National Government seemed poorly timed. The representative from the Office of the President stated that while the ADB study would be utilized by the National Government it would implement those recommendations as it saw fit. He stated that the ADB study is not a mandate for action on all findings. The Committee was not moved by the statements made by the



STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

witnesses, and does not recommend the funding for the two new National Food Inspectors.

Your Committee notes a small inaccuracy in the listing for the National Food Inspector for Chuuk. In the President's Budget Book this position is listed as 26/1 with salary of \$10,039 while the Office of Personnel lists this as 28/1 with a salary of \$11,032. The Committee recommends adjusting the Personnel category to reflect the current, real salary.

Inclusive of its adjustments set forth above your Committee recommends funding for Personnel for the Division of Environmental Health Services at \$154,132 for FY2014.

**Travel:** The President's recommendation for travel for FY2014 is slightly less than that appropriated for FY2013. The Committee agrees that this is a reasonable travel budget for the activities of this Division, and recommends \$27,914 for Travel.

**Contract:** The President recommends an increase of \$10,000 in Contractual Services for FY2014 for this Division. The Secretary confirmed that the Department was still paying for the operating expenses of the office in Chuuk that housed its National employees and the majority of the expenses in this category relates to this. While the Committee agrees at this time with the recommendation by the President for this category it intends to do oversight with the Department regarding its funding for work done in the States and related issues during Congress' next session. The Committee recommends funding of the full \$38,000 for Contractual Services for this Division for FY2014.

**OCE:** Your Committee is appreciative of the reduction in costs under this category and in the continuing efforts of the Department regarding efficiency in this regard and recommends \$33,500 in funding for OCE for this Division for FY2014.

**Your Committee recommends \$253,546 for Fiscal Year 2014 for the Division of Environmental Health Services. This Division shall be entirely funded from the Compact Health Sector Grant.**

**D. Gender Development Unit**

	FY'13 Appropriated	FY'14 President	FY'14 Federal	FY'14 Committee
--	-----------------------	--------------------	------------------	--------------------

## STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTIAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

	Domestic	Recommend Total	Funding	Recommended Domestic
Personnel	22,322	60,548	13,387	22,322
Travel	5,000	5,000	-0-	5,000
Contract	-0-	-0-	-0-	-0-
OCE	7,000	7,000	-0-	7,000
Fixed Assets	-0-	-0-	-0-	-0-
Total	34,322	72,548	13,387	34,322
Number Employees	1	3	1	1

The President's Budget Book lists three positions in Personnel for the Gender Development Unit and recommends \$60,548 for Personnel for FY2014. One of the three positions is funded by U.S. federal programs at \$13,387. Two positions are recommended by the President to be funded from Domestic Revenue in FY2014, including a new position of Assistant Secretary of Social Affairs at \$24,839.

Your Committee questioned the wisdom of creating Assistant Secretary positions in ever smaller sub-departments. The Department stated that this position was necessary as it covered all of Social Affairs. The Committee believes that the newly hired Gender Development and Human Rights Officer is capable carrying out the various responsibilities required of this Unit. The Committee will not recommend the creation of a new position or hiring of additional employees for the Department, particularly one which appears to be administrative in nature. For these reasons the Committee recommends funding only the Gender Development and Human Rights Officer at \$22,322 from Domestic Revenue for Personnel for this Unit for FY2014.

The travel, contract, OCE and fixed assets requests for FY2014 remain the same as in FY2013 and are acceptable to your Committee as recommended in the President's Budget Book.

**Your Committee recommends total funding of \$34,322 for Fiscal Year 2014 for the Gender Development Unit to be funded entirely from Domestic Revenue. This excludes the \$13,387 for the Financial Specialist, which is federally funded.**

**E. Sport & Youth Unit**

	FY'13 Appropriation	FY'14 President	FY'14 Committee
--	------------------------	--------------------	--------------------

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTIAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

		Recommends	Recommends
Personnel	46,465	46,465	46,465
Travel	11,500	11,500	11,500
Contract	6,950	6,950	6,950
OCE	7,500	7,500	7,500
Fixed Assets	0	0	0
Total	72,415	72,415	72,415
Number Employees	2	2	2

The Committee applauds the Sport & Youth Unit for not proposing any increases in its budget for Fiscal Year 2014. As in prior years the Committee notes the positive impact the Sport & Youth Unit has on promoting health and wellness for communities and the Nation as a whole. **The Committee, therefore, recommends the entire \$72,415 budget for the Sport & Youth Unit for Fiscal Year 2014 as set forth in the President's Budget Book, to be funded entirely from Domestic Revenue.**

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

## **II. Office of the National Archives, Culture and Historic Preservation**

	FY'13 Appropriated	FY'14 President Recommends	FY'14 Committee Recommends
Personnel	94,479	94,479	94,479
Travel	10,700	15,000	14,200
Contract	5,000	5,000	5,000
OCE	10,000	10,000	10,000
Fixed Assets	3,500	-0-	-0-
Total	123,679	124,479	123,679
Number Employee	6	6	6

The Committee held a public hearing with the Office of National Archives, Culture and Historic Preservation (NACHP) on May 16, 2013. The Historic Preservation Officer, Administrative Officer and Financial Specialist were present from NACHP.

Your Committee notes that, as in previous years, the President's Budget Book includes NACHP U.S. federally funded assistance from Historic Preservations and the Institute of Museum & Library Services. These U.S. federally funded projects will not be included in this report. The subject of this report will be limited to those items whose funding is requested from Domestic Revenue.

The President's Budget Book recommends \$124,479 for funding for the Office of National Archives, Culture and Historic Preservation. In its oversight and budget hearing your Committee was impressed with the quality work done by this Office. Your Committee recommends only a slight departure and reduction in Travel for this Office in comparison to the President's recommendation for Fiscal Year 2014 in order to bring the Office of National Archives, Culture and Historic Preservation down to the amount appropriated in Fiscal Year 2013. Your Committee recommends funding for Travel for NACHP at \$14,200 for FY2014.

**Your Committee recommends total funding of \$123,679 for Fiscal Year 2014 for the Office of the National Archives, Culture and Historic Preservation funded entirely from Domestic Revenue.**

## **III. Grants, Subsidies & Contributions**

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTIAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

**A. Department of Health and Social Affairs**

	FY 2013 Appropriated	FY 2014 President Recommends	FY2014 Committee Recommends
Nursing Board	20,000	20,000	20,000
FSM Red Cross	70,000	70,000	70,000
UNFPA	3,000	3,000	3,000
WHO	15,744	15,744	4,000
Amateur Sports Assoc.	20,000	20,000	20,000
PIHOA	20,000	20,000	10,000
Territorial Health Org.	16,511	16,511	7,000
UNICEF (vaccines)	20,000	20,000	20,000
Total	185,255	185,255	154,000

The President recommends \$185,255 for Grants, Subsidies & Contributions for the Department of Health and Social Affairs for Fiscal Year 2014, all from Domestic Revenue.

Your Committee supports the continued good work of the FSM Red Cross and the Nursing Board & Medical Licensing, and recommends funding grants for them for Fiscal Year 2014 at \$20,000 for the Nursing Board & Medical Licensing, and \$70,000 for the FSM Red Cross.

The Secretary of Health and Social Affairs confirmed during the May 16, 2013, public hearing that several membership fees listed in the President's Budget Book for FY1014 were incorrect. In FY1013 higher amounts were appropriated for the World Health Organization (WHO), the Pacific Islands Health Officers Association (PIHOA) and the Association of Territorial Health Organizations as your Committee's September 2012 Committee Report on the FY2013 (S.C.R. 17-128) indicated. Additional money was included at that time to cover non-payment for prior years and penalties for membership fees. The Secretary stated at the May 17, 2013 hearing that currently there are no past due payments outstanding and the correct annual membership fees are: WHO \$4,000, PIHOA \$10,000 and \$7,000 for Territorial Health Organizations.

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

The Committee concurs with the President's recommendations for UNFPA and Amateur Sports Association, which are the same as in prior years. The Secretary of Health and Social Affairs advised the Committee that the vaccine program supported by UNICEF is available to continue for FY2014 provided FSM continue its contribution in the amount of \$20,000. Your Committee strongly supports this important program to provide vaccines to our country's children.

Recognizing the adjustments to the President's recommendations for FY2014 as set forth in detail above, **the total recommended by your Committee for Grants, Subsidies & Contributions for the Department of Health and Social Affairs for Fiscal Year 2014 is \$154,000 from Domestic Revenue.**

**B. Office of National Archives, Culture and Historic Preservation**

	FY2013 Appropriated	FY2014 President Recommends	FY2014 Committee Recommends
UNESCO	4,000	4,000	4,000
NCSHPO	2,760	2,760	2,760
PARBICA	100	100	100
PIALA	100	100	100
WHC	54	54	54
<b>TOTAL</b>	<b>7,014</b>	<b>7,014</b>	<b>7,014</b>

The President recommends the following amounts for FY2014 as fees for the following international organizations: United Nations Educational, Scientific and Cultural Organization (UNESCO) \$4,000; National Conference of State Historic Preservation Officers (NCSHPO) \$2,760; Pacific Regional Branch of the International Council on Archives (PARBICA) \$100; Pacific Islands Association of Libraries and Archives (PIALA) \$100; and WHC membership fee \$54.

The Office of National Archives, Culture and Historic Preservation benefits substantially from its membership to the above-listed organizations. The membership fees to these organizations remain unchanged from years past. **The Committee recommends funding for all fees listed under the Grants, Subsidies & Contributions section for the Office of National Archives, Culture and Historic Preservation in the total amount of \$7,014 for Fiscal Year 2014 from Domestic Revenue.**

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTIAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

### **C. Other Grants, Subsidies & Contributions**

#### **1. FSM Social Security Administration**

The President recommends a \$1,000,000 grant for the FSM Social Security Administration for FY2014 from Domestic Revenue. Your Committee held a public hearing with the FSM Social Security Administrator and his key staff on May 16, 2013. Also present was the Director of SBOC and the FSM Ambassador to the United States.

The Administrator gave a detailed presentation reviewing the financial situation of the Social Security Administration for the past three years and also giving his projections for the near future. The Administrator stated that recent year's reform measures have begun to close the gap between the amount of contributions taken in verses the benefits provided, however, it will take time. Based on the current projections by the Administration there will be a shortfall of \$2 million for 2014. For the last several years the Social Security Administration has had to resort to withdrawing money from its trust fund even after receiving grants from the National Government.

Your Committee made inquiries into the effectiveness of the collection efforts regarding past due Social Security contributions by employers. As in past oversight hearings the Administration stated that while they were successful in putting many employers on payment plans to collect the past due amounts accounts that went all the way to court for legal proceedings were not financially viable. Your Committee requests that the Administration continue in its efforts to find a way to reduce the amount of delinquent payments from employers.

The Administrator further stated that in order to make up the current projected shortfall for FY2014 the contributions by employees and employers would have to be greatly increased, to perhaps as much as 9.5%. The Committee acknowledged that this would put an enormous strain on both individuals and businesses.

Discussion was had regarding other legislative reforms which might assist both the Administration and our workforce. In particular the Administration was asked if raising the National retirement age to 65 would be a positive step. The Administrator responded that anything that increased the number of employees that contribute to the system would be welcomed.

MAY 28, 2013

**In order to ensure its continued viability your Committee recommends a grant of \$1,000,000 from Domestic Revenue for Fiscal Year 2014 for the FSM Social Security Administration.**

## **2. MiCare**

The President recommends a \$100,000 contribution to MiCare for Fiscal Year 2014. The Committee concurs with the recommendation for a contribution to increase the quality of services it offers to FSM citizens and to enable it to determine what premium rates should be if MiCare coverage was extended to FSM citizens living in Hawaii, Guam and Saipan.

The Committee is concerned about the cost controls in place at MiCare, and in particular it questions funding for such non-essential items as travel and its newsletter. In its endeavor to ensure that our citizens have access to quality, low cost health insurance your Committee intends to conduct an oversight hearing with MiCare during the next session of Congress.

Your Committee conducted public hearings in Hawaii, Guam and Saipan in December 2012 regarding this issue. At that time many of our citizens living abroad expressed an interest in having medical insurance coverage, however, most also stated that ultimately their decision would depend on the cost of the insurance. The Committee believes that a detailed actuarial study must be done before any further consideration is given as to whether or not MiCare medical insurance coverage should be extended to FSM citizens living outside of the country. **Your Committee recommends funding of the \$100,000 contribution to MiCare for FY 2014.**

## **V. Capital and Human Resource Development**

### **Department of Health and Social Affairs**

	FY2013 Appropriated	FY2014 President Recommends	FY2014 Committee Recommends
Pathologist	100,000	120,000	100,000
Food and Water Testing Lab	90,000	80,000	80,000
Specialized Medical Team	200,000	200,000	200,000



STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTIAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

Data Verification and Analysis	0	133,055	133,055
States Initiatives on NCDs	0	132,314	132,314
Sport Facility	0	0	0
<b>Total</b>	390,000	665,369	645,369

The President recommends \$665,369 for Capital and Human Resource Development for the Department of Health and Social Affairs to be funded in its entirety from Compact Health Sector grant.

The Secretary of Health and Social Affairs stated that there remains a need for a FSM based pathologist both for analysis of tissue for diagnosis of disease and for autopsies. The representative from the Department of Justice also stated that a pathologist is of great assistance to his Department not only because the doctor could establish cause of death, but may provide other useful evidence including manner and time of death. The Secretary further advised that the increase in amount requested for FY2014 is due to the very high salaries these professionals command. The Committee understands the need for a pathologist, whether on contract as needed or in the FSM, but does not agree with the increased funding request. Your Committee recommends funding for pathologist services at \$100,000 for FY2014.

The Committee strongly supports the efforts to test our food and water supply to ensure the safety of our public. Your Committee concurs with the President and recommends funding at \$80,000 for the testing laboratory. Your Committee also welcomed news that a Specialized Medical Team was again proposed to go through the four States in FY2014. This team will be giving medical assistance in the specialty areas of heart, eye, ear, nose and throat. The Committee also strongly recommends the funding of the Specialized Medical Team at \$200,000 for FY2014.

The Department of Health and Social Affairs proposes two new projects for FY2014 using Sector grants. The first of these projects is an initiative to do a detailed verification of medical data with an accompanying analysis. The Secretary has discussed the necessity of this project in the past. She has requested this project be funded in order to have a deeper understanding of the medical needs of our

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTIAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

public. The second project would assist the States in their efforts to combat non-communicable diseases. The Committee is well aware of the enormous negative impact on the health, social and economic wellbeing of our Nation the major non-communicable diseases have, and supports further resources being committed to fight these diseases. While the Committee is supportive of programs such as these it requests that all projects requesting funding under the Capital and Human Resource Development be submitted with a detailed work plan and budget in the future. The Committee recommends funding for the data verification and analysis project at \$133,055 and funding for the States' initiatives to combat non-communicable disease at \$132,314 for FY2014.

This completes the recommendations of your Committee for the budgets for Fiscal Year 2014 for the National Department of Health and Social Affairs offices and divisions under its jurisdiction. **The total Compact Health Sector Grant funding requested in this report for Fiscal Year 2014 is \$1,162,389. The total funding requested in this report for Fiscal Year 2014 from Domestic Revenue is \$1,649,945.**

Subject to the conditions and limitations set forth herein, and subject to the concurrence of your Committee on Ways and Means, your Committee on Health and Social Affairs recommends approval of the amounts and source funds identified as Committee Recommendations.

Respectfully submitted,

/s/ Tony H. Otto  
Tony H. Otto, chairman

/s/ Tiwiter Aritos  
Tiwiter Aritos, vice chairman

/s/ Peter M. Christian  
Peter M. Christian, member

/s/ Yosiwo P. George  
Yosiwo P. George, member

/s/ Florencio S. Harper  
Florencio S. Harper, member

/s/ David W. Panuelo  
David W. Panuelo, member

/s/ Joseph J. Urusemal

STANDING COMMITTEE REPORT NO. 18-07

RE: PRESIDENTIAL COMMUNICATION NO. 17-379

SUBJECT: FY 2014 BUDGET/HEALTH AND SOCIAL AFFAIRS

MAY 28, 2013

Joseph J. Urusemal, member