A BILL FOR AN ACT

To further amend title 52 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-21, 6-114, 7-16, 7-90 and 7-121, by amending sections 403, 404, 405, 407, 408, and 409; by further amending section 402, as amended by Public Law No. 7-16; by further amending section 406, as amended by Public Law No. 6-114; and by adding a new section 410 to improve the Plan and to provide the Director with the necessary flexibility; and for other purposes.

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

Section 1. Section 402 of title 52 of the Code of the Federated States of Micronesia, as amended by Public Law No. 7-16, is hereby further amended to read as follows:

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

(1) ‘Agency’ means any municipal, State or National Government public agency, institution or entity.

(2) ‘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;

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

(3) ‘Dependents’ means the employee’s:

(a) lawful spouse;

(b) dependent unmarried children who are less than
22 years of age;

(c) **Handicapped** dependent children with disabilities regardless of age, who are unmarried and physically or mentally incapable of earning a living and who have been continuously incapacitated and dependent on the insured employee from the limiting age of 22; and

(d) dependent parents.

(4) 'Director' means the Director of the Office of Administrative Services of the Federated States of Micronesia.

(25) 'Employee' means an employee of the National Government of the Federated States of Micronesia or an employee of a participating agency.

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

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

(51) **Handicapped** means the physically disabled or visually handicapped of the National Government or the Federated States of Micronesia.

(62) 'Plan' means the National Government Employees' Health Insurance Plan."
Section 2. Section 403 of title 52 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 403. Eligibility. All full-time employees of the National Government of the Federated States of Micronesia shall be eligible for participation in the plan. In addition, the President Office Director, as administrator of the plan, may contract with other agencies for a period not to exceed five years during which time the so that all full-time employees of each such participating agency shall may be insured under the plan. The dependents of employees may be insured under the plan. Government employees whose State or agency does not participate in the plan, and their dependents, may be insured under the plan if they pay 100 percent of the premiums for themselves and their dependents to the plan."

Section 3. Section 404 of title 52 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

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

(1) There is established a National Government Employees' Health Insurance Fund, (hereinafter 'Employees' Health Insurance Fund') which shall be separate from the General Fund or other funds. All these separate funds Employees' Health Insurance Fund Employees' Health Insurance Fund to the National Government of the Federated States of Micronesia shall be
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 Employees' Health Insurance Fund. Any unexpended money in the Employees' 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' Health Insurance Fund.

(2) The Director shall have the sole authority to administer the Employees' Health Insurance Fund in accordance with regulations promulgated under this act. The Director shall maintain this 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. The investments shall at all times be made so that all of the assets of the Employees' 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' Health Insurance Fund.
Section 4. Section 405 of title 52 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 405.Premium contributions. Employees participating in the plan shall contribute the percentage of the premium not paid by their employer for insurance under the plan. The National Government of the Federated States of Micronesia shall contribute at least fifty-two percent of the premium for eligible employees of the National Government participating in the plan. Any participating agency shall contribute at least fifty-two percent of the premium for the participating agency's employees participating in the plan, or may at its request contract with the Director to contribute more than fifty-two percent."

Section 5. Section 406 of title 52 of the Code of the Federated States of Micronesia, as amended by Public Law No. 6-114, is hereby further amended to read as follows:

"Section 406. Disposition of fund.

(1) All money deposited in the Employees' Health Insurance Fund shall be used to pay claims, except that a sum representing not more than ten percent of the estimated income for that year from contributions and income on investments may be expended for costs of administration.

(2) The Employees’ Health Insurance Fund shall
maintain a separate account for each of the States, which
shall include all contributions from that State, plus
interest, minus administrative costs. A State's account may
not be charged for any services rendered to a member who
resides in any other State, unless, in the case of a State-
wide emergency, both States transmit their agreement in
writing to the Plan Director.

(3) If a State's premium payments are current, the
Plan may use any amount which remains in a State's account
at the end of the fiscal year, and which exceeds 25 percent
of the total premium paid by that State in that fiscal year,
to purchase hospital supplies, equipment or medicines for
that State's hospital."

Section 6. Section 407 of title 52 of the Code of the
Federated States of Micronesia is hereby amended to read as follows:
"Section 407. Administration of the plan. The plan shall
be administered by the President of the Director."

Section 7. Section 408 of title 52 of the Code of the Federated
States of Micronesia is hereby amended to read as follows:
"Section 408. Reporting. The President of the Director
shall prepare and submit an annual report on the status of
the plan prior to the commencement of each regular May
session of Congress. This report shall include a statement
of the amount of money on deposit in the Employees' Health
Insurance Fund as of the date of the annual report, the

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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 Director may deem appropriate."

Section 8. Section 409 of title 52 of the Code of the Federated
States of Micronesia is hereby amended to read as follows:

"Section 409. Promulgation of regulations. The Director, 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. The plan may
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, and may provide life insurance benefits. The plan
may contract with private sector insurance companies to
provide benefits, and may contract for other services as
needed."

Section 9. Title 52 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 410 to
read as follows:

"Section 410. Off-island medical referral.

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

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

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

(c) The patient is outside of the Federated
States of Micronesia when a medical emergency arises, or is
covered by a supplemental or non-resident plan, as set forth
in the regulations.

(2) The Director shall consult with the Directors of
the member States' Health Services, and shall develop
standard medical referral criteria within six months of the
date this act becomes law, to be applied to all off-island
medical referrals."

Section 10. 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: 06-02-93

Introduced by: /s/Joseph J. Urusemal
Joseph J. Urusemal
(by request)
FLOOR AMENDMENT TO C.B. NO. 8-76, C.D.1

Proposed by Floor Leader Joseph Urusemal

1. Page 1, line 25 - delete “unmarried”.
2. Page 2, line 3- delete “unmarried and“.
3. Page 2, line 19 - after “either” insert “municipal,”

Amendments 1 and 2 allow dependent children who are married to be included in the definition of employees’ “dependents” under the National Government Employees’ Health Insurance Plan.

Amendment 3 makes the definition of “participating agency” consistent with the definition of “agency” on page 1 of this bill.

[Signature]
Joseph Urusemal
Floor Leader
By Request