

A BILL FOR AN ACT

To further amend title 52 of the Code of the Federated States of Micronesia, as amended, by amending sections 401, 402, 403, 404, 407, 408 and 409 to realign the name of the Plan, clarify the role of the Administrator, improve and expand the services of MiCare, and for other purposes.

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

1           Section 1. Section 401 of title 52 of the Code of the  
2 Federated States of Micronesia is hereby amended to read as  
3 follows:

4                   "Section 401. Short title. This chapter shall be  
5 known as the "~~[National Government Employee' Act of~~  
6 ~~1984]~~ MiCare Health Insurance Plan"

7           Section 2. Section 402 of title 52 of the Code of the  
8 Federated States of Micronesia, as amended by Public Laws No.  
9 12-77, is hereby further amended to read as follows:

10                   "Section 402. Definitions.

11           As used in this chapter:

12                   (1) 'Administrator' means the [~~National Government~~  
13 ~~Employees'] MiCare Health Insurance Plan  
14 Administrator established by the provisions of this  
15 chapter.~~

16                   (2) 'Agency' means any municipal, State or National  
17 Government public agency, institution or entity.

18                   (3) 'Board' or 'Board of Directors' means the

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1           ~~[National Government Employees]~~ MiCare Health  
2 Insurance Plan Board of Directors established under  
3 the provisions of this chapter.

4           (4) 'Business' means any quasi-public or private  
5 business entity which is duly licensed to do business  
6 under, and is doing business under, the laws of the  
7 Federated States of Micronesia or its political  
8 subdivisions, which is also a participant in the  
9 Social Security system of the Federated States of  
10 Micronesia, and which has been qualified to  
11 participate in the plan pursuant to the regulations  
12 promulgated by the Director under section 409 of this  
13 chapter.

14           (5) 'Costs of administration' means the following  
15 costs of administering the Plan:

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

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

20                   (c) costs and expenses for training of  
21 personnel engaged in administering the Plan;

22                   (d) the costs of processing claims;

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

25                   (f) the costs of necessary supplies and

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1 equipment;

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

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

6 (6) 'Dependents' means:

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

10 (7) 'Employee' means an employee of the National  
11 Government of the Federated States of Micronesia, an  
12 employee of a participating agency, or an employee of  
13 a participating business.

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

17 (9) 'Full-time student' means a student who is a  
18 FSM citizen and currently enrolled in classes, on a  
19 full time basis [~~totaling 12 or more semester units~~]  
20 at an accredited [~~post-secondary~~] educational  
21 institution or any other educational institution  
22 [~~approved by MiCare~~].

23 (10) 'Participating agency' or 'participating  
24 agencies' means any public agency, public institution  
25 or other public entity, either municipal, State or

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1 National, participating in the plan pursuant to  
2 section 403 of this chapter.

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

7 (12) 'Plan' means the [~~National Government~~  
8 ~~Employees~~] MiCare Health Insurance Plan."

9 Section 3. Section 403 of title 52 of the Code of the  
10 Federated States of Micronesia, as amended by Public Laws Nos.  
11 14-49 and 15-52, is hereby further amended to read as follows:

12 "Section 403. Eligibility.

13 (1) All full-time employees of the National  
14 Government of the Federated States of Micronesia  
15 shall participate in the plan.

16 (2) Other persons who may participate in the plan  
17 are:

18 (a) The full-time employees of each  
19 participating agency and business which has entered  
20 into a contract with the [~~Director, as~~] Administrator  
21 of the plan, whereby such agencies or businesses have  
22 agreed to participate in the plan[-];

23 (b) The dependents of fulltime employees of  
24 the National Government, participating agencies and  
25 participating businesses;

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1 (c) Members of an employee's household who are  
2 dependent upon the employee, but are not otherwise  
3 defined as "dependents" under the provisions of this  
4 act, if the employee pays 100 percent of the premiums  
5 for such persons to the plan;

6 (d) Government employees whose State or agency  
7 does not participate in the Plan, and their  
8 dependents, if they pay 100 percent of the premiums  
9 for themselves and the dependents to the plan; and

10 (e) Former enrollees in the Plan, and their  
11 dependents, if they pay 100 percent of the premiums  
12 for themselves and their dependents to the Plan; and

13 (f) Full time students enrolled at any post  
14 secondary institution in the FSM, if the post  
15 secondary institution has entered into a contract of  
16 participation with the plan and the students pay 100  
17 percent of the premiums for themselves to the  
18 Plan[-]; and

19 [(g)] Subject to eligibility requirements and  
20 premium rates to be established by Regulations, FSM  
21 citizens residing in the Commonwealth of the Northern  
22 Marianas Guam, [~~or~~] Hawaii or the United States  
23 Mainland."

24 Section 4. Section 404 of title 52 of the Code of the  
25 Federated States of Micronesia, as amended by Public Laws No.

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1 12-77, is hereby further amended to read as follows:

2 "Section 404. Establishment of [~~Employees~~] MiCare  
3 Health Insurance Fund.

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

18 (2) The Board of Directors shall have the sole  
19 authority to administer the [~~Employees~~] MiCare  
20 Health Insurance Fund in accordance with regulations  
21 promulgated under this act. The Board shall maintain  
22 this [~~Employees~~] Health Insurance Fund in a separate  
23 custodial trust account and may, from time to time,  
24 invest such moneys that are in excess of the amount  
25 deemed necessary for the operation of the plan during

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1           the reasonable future. Such investments shall be  
2           low-risk and made in consultation with the Secretary  
3           of the Department of Finance. The investments shall  
4           at all times be made so that all of the assets of the  
5           ~~[Employees]~~ MiCare Health Insurance Fund shall be  
6           readily convertible into cash when needed for the  
7           purpose of this act. All income earned on these  
8           investments shall be deposited into the ~~[Employees]~~  
9           Health Insurance Fund."

10           Section 5. Section 407 of title 52 of the Code of the  
11 Federated States of Micronesia, as amended by Public Laws Nos.  
12 12-77 and 14-49, is hereby further amended to read as follows:

13           "Section 407. Health Insurance Plan Board of  
14           Directors and Administrator.

15           (1) Creation. There is hereby established a  
16           ~~[National Government Employees]~~ MiCare Health  
17           Insurance Plan Board of Directors to oversee the Plan  
18           and the assets of the ~~[Employees]~~ MiCare Health  
19           Insurance Fund. There is also hereby established a  
20           new full-time position of ~~[National Government~~  
21           ~~Employees]~~ MiCare Health Insurance Plan  
22           Administrator. The Administrator shall be appointed  
23           by the Board. The Administrator shall serve at the  
24           pleasure of the Board of Directors and shall exempt  
25           from the provisions of the National Public Service

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1 System Act.

2 (2) Composition. The ~~[National Government~~  
3 ~~Employees]~~ MiCare Health Insurance Plan Board of  
4 Directors shall consist of ~~[not less than seven (7)]~~  
5 five (5) voting members, ~~[including]~~ one  
6 representative from each State of the Federated  
7 States of Micronesia, who shall be recommended by the  
8 Governor of the relevant State; and one  
9 representative from the National Government of the  
10 Federated States of Micronesia, ~~[, one representative~~  
11 ~~from the private healthcare sector, and the~~  
12 ~~Administrator.]~~. Each appointed member of the Board  
13 shall be appointed by the President with the advice  
14 and consent of the Congress. The Administrator shall  
15 serve as an ex officio non-voting member of the  
16 Board. In the event of a deadlock or an evenly  
17 divided vote, the Administrator may vote. All other  
18 members of the Board shall be voting members of the  
19 Board.

20 (3) Terms. Each appointed member of the Board  
21 shall serve for a period of three (3) years, except  
22 that initial appointments to the Board shall be made  
23 as follows: two members for a period of one year;  
24 two members for a period of two years; and two  
25 members for a period of three years. Successors to



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1           the first appointees hereunder shall be appointed for  
2           terms of three years each. Vacancies other than by  
3           expiration of term shall be filled by the President  
4           by appointment, in the same manner as the original  
5           appointment was made, for the unexpired term.  
6           Appointed members shall not hold-over at the  
7           expiration of their terms, but may be re-appointed to  
8           consecutive terms in the manner set forth in this  
9           section.

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

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  
25           upon the call of the Chairman or upon written request

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

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

17 (7) General powers and duties.

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

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

5 (b) Responsibility for the proper day-to-day  
6 operation of the Plan shall be vested in the  
7 Administrator who shall have power to delegate duties  
8 and responsibilities to [~~such~~] employees of the Plan  
9 as the Administrator deems feasible and desirable to  
10 carry out the provisions of this chapter. Subject to  
11 the Board's approval, the Administrator shall have  
12 the authority to negotiate and enter into contract  
13 with health care providers and claim audit firms.

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

25 (d) The MiCare Health Insurance Plan shall

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1           conduct an annual claim audit to identify possible  
2           claim frauds and abuses by Health Care Providers.  
3           Claim audit findings, shall be reported to the Board  
4           of Directors, to the Public Auditor of the Federated  
5           States of Micronesia and the Attorney General's  
6           Office of the Federated States of Micronesia for  
7           appropriate review and actions.

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

14           ~~[f](e) MiCare Health Insurance Plan may suspend~~  
15           ~~or terminate service contract with health care~~  
16           ~~providers based on findings of claim audits and other~~  
17           ~~non-compliances;~~

18           ~~[g](f) MiCare Health Insurance Plan shall~~  
19           ~~establish a Formulary with prices o all covered~~  
20           ~~medicine and pharmaceutical supplies and Relative~~  
21           ~~Unit Value (RUV) schedule to guide the costs of~~  
22           ~~medical services covered by MiCare Health Insurance~~  
23           ~~Plan.~~

24           ~~[(h)] MiCare reserves the right to refuse~~  
25           ~~payments on any medical claim with clear evidence of~~

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1 ~~conflict of interests, including doctors and family~~  
2 ~~members performing their own consultations, diagnosis~~  
3 ~~and prescriptions.]~~

4 (8) Time for Implementation.

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

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

15 (c) Immediately upon the appointment of the  
16 Administrator, all employees of the Plan who hold a  
17 job title containing the word 'Chief' shall be given  
18 a new job title and the word 'Chief' shall be deleted  
19 from the job title.

20 Section 6. Section 408 of title 52 of the Code of the  
21 Federated States of Micronesia, as amended by Public Laws No.  
22 12-77, is hereby further amended to read as follows:

23 "Section 408. Reporting.

24 Prior to the commencement of each regular May session  
25 of Congress, the Board, through the Administrator,

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1 shall prepare and submit to the President of the  
2 Federated States of Micronesia and to the Speaker of  
3 the Congress an annual report on the status of the  
4 plan. This report shall include a statement of the  
5 amount of money on deposit in the [~~Employees~~] Micare  
6 Health Insurance Fund as of the date of the annual  
7 report, the amount of premiums collected and interest  
8 earned during the preceding fiscal year, the amount  
9 of money disbursed for claims during the preceding  
10 fiscal year, the number of claims paid during the  
11 preceding fiscal year, the costs of administration,  
12 and such other information as the Board may deem  
13 appropriate."

14 Section 7. Section 409 of title 52 of the Code of the  
15 Federated States of Micronesia, as amended by Public Laws No.  
16 12-77, is hereby further amended to read as follows:

17 "Section 409. Promulgation of regulations.

18 (1) The Board, with the approval of the President,  
19 shall promulgate regulations, pursuant to chapter 1  
20 of title 17 of this code, governing the amount of the  
21 premium for insurance under the plan, the procedure  
22 for making claims under the plan, the amount and type  
23 of benefits under the plan, the policy limits under  
24 the plan, and such other matters as may be consistent  
25 with the contents and purpose of this chapter,

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1 including the implementation of those provisions of  
2 this chapter pertaining to participating agencies and  
3 participating businesses.

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

12 (2) The plan may:

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

19 (b) provide life insurance benefits;

20 (c) contract with private sector insurance  
21 companies to provide benefits; and

22 (d) contract for other services as needed; and

23 (e) establish and manage its own financial and  
24 personnel management rules and regulations;"

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1           Section 8. This act shall become law upon approval by the  
2 President of the Federated States of Micronesia or upon its  
3 becoming law without such approval.

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5 Date: 9/12/12

Introduced by: /s/ Florencio S. Harper  
Florencio S. Harper  
(by request)

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