CONGRESS OF THE FEDERATED STATES OF MICRONESIA
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COMMITTEE ON HEALTH AND SOCIAL AFFAIRS

STANDING COMMITTEE REPORT NO. 23-103

RE: C.B. NO. 23-209/H&SA

SUBJECT: TO FURTHER AMEND SECTIONS 402, 403, 405, 406 AND 407 OF TITLE 52 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AMENDED BY PUBLIC LAW NO. 20-72, TO AMEND THE MICARE HEALTH INSURANCE PLAN ACT OF 1984, TO EXPAND THE ELIGIBILITY REQUIREMENTS, TO INCREASE FROM 10% TO 20% FOR COSTS OF ADMINISTRATION, TO MAKE THE NATIONAL GOVERNMENT TO CONTRIBUTE 62% OF THE PREMIUM FOR ELIGIBLE EMPLOYEES OF THE NATIONAL GOVERNMENT, COMPENSATION FOR THE BOARD MEMBERS.

JANUARY 29, 2025

The Honorable Esmond B. Moses
Speaker, Twenty-Third Congress
Federated States of Micronesia
Sixth Regular Session, 2025

Dear Mr. Speaker:

Your Committee on Health and Social Affairs, to which was referred C.B. NO. 23-209, entitled:

"A BILL FOR AN ACT TO FURTHER AMEND SECTIONS 402, 403, 405, 406 AND 407 OF TITLE 52 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AMENDED BY PUBLIC LAW NO. 20-72, TO AMEND THE MICARE HEALTH INSURANCE PLAN ACT OF 1984, TO EXPAND THE ELIGIBILITY REQUIREMENTS, TO INCREASE FROM 10% TO 20% FOR COSTS OF ADMINISTRATION, TO MAKE THE NATIONAL GOVERNMENT TO CONTRIBUTE 62% OF THE PREMIUM FOR

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JANUARY 29, 2025

ELIGIBLE EMPLOYEES OF THE NATIONAL GOVERNMENT, COMPENSATION FOR THE BOARD MEMBERS, AND FOR OTHER PURPOSES."

begs leave to report as follows:

The intent and purpose of this bill are expressed in its title.

Your Committee received proposed legislation for C.B. No. 23-209 in Presidential Comm. No. 23-500. In that communication, President Simina formally recommended that Congress consider passage of this bill.

C.B. No. 23-209 includes multiple proposed changes to MiCare. It would expand the definition of "costs of administration." It would also expand the definition of "dependents," to include grandparents and siblings. It would create a new eligibility class, consisting of "individuals who are citizens of [the] FSM residing or employed in the FSM who are not employees of [a] participating agency [or] business which has entered into a contract with the Plan, or dependents or household members of said employees or former enrollees if they pay 100 percent of the premiums." This new class would effectively open up MiCare to all FSM residents, regardless of whether their employer participates in MiCare; however, members of this new class would be required to pay 100% of their plan premiums. C.B. No. 23-209 changes the contribution ratio for National Government and participating employers for the Supplemental Plus (SRPlus) plan, raising the percentage of premiums that the National Government or such employers cover under the plan, from (at least) 52 to (at least) 62 percent. C.B. No. 23-209 would increase the percentage of deposits into the MiCare Health Insurance Fund that MiCare is allowed to use for its own costs of

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JANUARY 29, 2025

administration, from 10 to 20 percent. It would also remove a provision prohibiting compensation for MiCare Board members who are national or state government employees. It would clarify that National Government employees are to be granted leave for Board meetings, whether those meetings are conducted in-person or through video conferencing. Finally, it would authorize the MiCare Administrator to make contracts with essential service providers and to make certain personnel decisions.

On January 27, 2025, at 3:00 p.m., your Committee on Health and Social Affairs held a public hearing in the Congress Hearing Room to discuss, among other topics, C.B. No. 23-209. Present at the hearing were: Chairwoman Perpetua S. Konman, Floor Leader Quincy Lawrence, Senator Merlynn Abello-Alfonso, Senator Isaac V. Figir, Senator Yoslyn Sigrah, Senator Joseph J. Urusemal, MiCare Administrator Jackey Salomon, Assistant Secretary for Health Moses Pretrick, Secretary of Finance and Administration Rose Nakanaga, a representative from the Department of Justice, and certain other MiCare and Executive Branch staff.

At the hearing, MiCare Administrator Jackey Salomon testified that the main purpose of C.B. No. 23-209 is "to be a little bit more inclusive," by allowing more individuals to participate in a MiCare plan and receive health insurance. He testified that the most significant change under this bill is to allow individuals to participate in the plan regardless of whether they are working for an eligible employer. Administrator Salomon stated that MiCare is currently a "group plan;" this bill would convert MiCare into a "hybrid plan." He reported that the bill would allow individuals such as "farmers, fishermen, seamstresses, and small local business owners," for example, to purchase a MiCare policy.

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JANUARY 29, 2025

Chairwoman Konman asked if the FSM National Government can afford the changes proposed in C.B. No. 23-209. In response, Administrator Salomon testified that MiCare is self-funded and that it has not requested or received any subsidy since 2018. He testified that he hopes and believes that the proposed changes in C.B. No. 23-209 would be "cost-neutral." Secretary of Finance and Administration Nakanaga testified that her Department would need additional time to review the legislation before it could provide an estimated dollar amount for any added costs that it might entail.

Senator Urusemal asked if there is currently a coverage limit on medical treatment under MiCare plans. Administrator Salomon responded that the maximum coverage amounts depend on the specific plans. However, he testified that, even if a patient exceeds his or her coverage limit, MiCare will still allow the patient's medical procedures to continue and will simply ask the plan member to sign a promissory note agreeing to repay any costs that exceed the coverage limit. Administrator Salomon noted, though, that typically these situations result in MiCare unable to collect the excess costs from the plan member, generally causing MiCare to "write off" such excess costs as bad debt.

Senator Urusemal also asked for clarification on whether anyone residing in the FSM could apply for MiCare under this legislation. Administrator Salomon confirmed that this bill would open up eligibility to all persons, regardless of employer. Administrator Salomon testified that, administratively, it would be easier for MiCare to not cover individuals apart from their employers; however, he stated that,

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JANUARY 29, 2025

because part of MiCare's mission encompasses "social responsibility," he views this bill as positive, despite the fact that providing coverage directly to individuals creates a "higher risk" for MiCare. He noted that, if this bill becomes law, MiCare may create new internal policies to address this higher risk, including a program to allow for individual members to pre-pay their premiums.

Chairwoman Konman expressed her desire to see universal health coverage achieved in the FSM. She indicated that this legislation may represent a step in that direction.

Chairwoman Konman closed the portion of the hearing focused on C.B. No. 23-209 by expressing support for the bill and by thanking all attendees for their participation.

CONCLUSION

Your Committee on Health and Social Affairs has carefully reviewed and considered C.B. No. 23-209. Your Committee is in accord with the intent and purpose of C.B. No. 23-209 and recommends that C.B. No. 23-209 is placed on the bill calendar for passage on First Reading and recommends its passage on Second and Final Reading.

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JANUARY 29, 2025

Respectfully submitted,

Perpetua S. Konman, chairwoman

Julio M. Marar, vice chairman

Merlynn Abello-Alfonso, member

Tiwiter Aritos, member

Yoslyn Sigrah, member

Joseph J. Urusemal, member

TWENTY-THIRD CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FOURTH SPECIAL SESSION, 2024 H&SA C.B. NO. 23-209

A BILL FOR AN ACT

To further amend sections 402, 403, 405, 406 and 407 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 20-72, to amend the MiCare Health Insurance Plan Act of 1984, to expand the eligibility requirements, to increase from 10% to 20% for Costs of Administration, to make the National Government to contribute 62% of the premium for eligible employees of the National Government, compensation for the Board Members, 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 (Annotated), as amended by Public Law No. 20-72, is hereby further amended to read as follows:

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

(1) "Administrator" means the Administrator appointed by the Board of Directors of MiCare Health Insurance Plan 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 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 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 MiCare Health Insurance Plan pursuant to the regulations promulgated by the Board of Directors 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;

(h) the costs of professional services necessary to the operation of the Plan

(i) the cost of public awareness and education, promotional and marketing campaigns

(j) the cost of community outreach and Contributions

(k) the cost and expense relating to Board administration which includes Board meetings, communication, travel engaged in administering the plan, capacity training, supplies and equipment for Board to conduct its responsibilities and duties.

(6) "Dependents" means the members of an employee's immediate family, including grandchildren, [~~dependent~~] parents, grandparents, siblings, 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 32 hours of the regular and scheduled workweek.

(9) "Full-time student" means a student who currently enrolled in classes totaling 12 or more semester units at an accredited 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.

(12) "Plan" means the MiCare Health Insurance Plan."

Section 2. Section 403 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 20-72, is hereby further amended to read as follows:

"Section 403. Eligibility.

(1) All full-time employees of the National Government of the Federated States of Micronesia shall participate in the Plan.

(2) Other persons who may participate in the Plan are:

(a) The full-time employees of each participating agency and business which has entered into a contract with the Plan whereby such agencies or businesses have agreed to participate in the Plan.

(b) The dependents of full-time employees of the National Government, participating agencies and participating businesses;

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

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

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

(f) Full-time students enrolled at any postsecondary institution in the FSM, if the postsecondary institution has entered into a contract of participation with the Plan and the students pay 100 percent of the premium for themselves to the Plan.

(g) Individuals who were previously enrolled in the Plan as dependents of primary enrollees if they pay 100 percent of the premiums.

(h) Individuals who are citizens of FSM residing or employed in the FSM who are not employees of each participating agency and business which has entered into a contract with the Plan, or dependents or household members of said employees or former

enrollees if they pay 100 percent of the premiums."

Section 3. Section 405 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 20-72, is hereby further 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 52 percent of the premium for eligible employees of the National Government participating in the Plan which includes all plans except for Supplemental Plus plan (SRPlus). The National Government of the Federated States of Micronesia shall contribute at lease 62 percent of the premium for eligible employees of the National Government participating in the Supplemental Plus (SRPlus). Any participating agency or participating business shall contribute at least 50 percent of the premium for their employees participating in the Plan, which include all plans except for Supplement al Plus plan SRPlus) or may at their request contract with the Board to contribute more than 50 percent. The participating agency or participating business shall contribute at lease 62 percent of the premium for

eligible employees participating in the Supplemental Plan (SRPlus), or may at their request contract with the Board to contribute more than (~~50~~) 62 percent. All contributions, including premium contributions by participating agencies, individual insureds and participating businesses shall be deposited in the MiCare Health Insurance Fund on a timely bi-weekly basis or monthly basis, or at any timely intervals or frequency as required by Regulations of the Board."

Section 4. Section 406 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 20-72, is hereby further amended to read as follows:

"Section 406. Disposition of Fund.

All money deposited in the MiCare Health Insurance Fund shall be used to pay claims, except that a sum representing not more than twenty percent (20%) [~~ten percent (10%)~~] of the estimated income for that year from contributions and income on investments may be expended for costs of administration."

Section 5. Section 407 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 20-72, 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 Board

of Directors to oversee and govern the Plan and MiCare Health Insurance Fund established under section 404. There is also hereby established the Administrator's full-time position for the MiCare Health Insurance Plan. The Administrator shall be appointed by the Board and serve at the pleasure of the Board. The Administrator shall be exempt from the provisions of the National Public Service System Act.

(2) Composition. The MiCare Health Insurance Plan Board of Directors shall consist of not less than seven members, including one representative from each State of the Federated States of Micronesia, who shall be recommended by the Governor of the relevant State; one representative from the National Government of the Federated States of Micronesia; one representative from the private 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 member of the Board. All 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 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. Successor 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.

(5) *Meetings.* The board shall meet at least once every six 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 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, provided such meetings are matters of public information and shall not relate to matters that reveal confidentiality of health records of a member of the Plan. Four 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 <u>whether in person or via video conferencing</u> 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 healthy development of the Plan. To that end, the Board shall have overall responsibility for administration of the Plan and Fund, 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 purpose of this chapter.

(b) Responsibility for the proper day-to-day operation of the Plan shall be vested in Administrator who shall have power to establish contractual service arrangements with healthcare and other essential service providers, to determine types and forms of services, to oversee the financial accounting and auditing responsibilities, to create positions and approve the addition of personnel to the organization as needed, and 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.

(c) The Board shall periodically consult with, and seek the advice of, interested members of relevant government authorities, the public in each respective State of the Federated States of Micronesia regarding the operation, safety, soundness, 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) Plan shall conduct claim audit to identify possible claim frauds and abuses, and findings shall be reported to the Board of Directors, to the Office of the Public Auditor of the Federated States of Micronesia and the Department of Justice of the Federated States of Micronesia for appropriate review and action.

(e) If the result of the investigation is conclusive that the insured or provider engaged in insurance fraud activity, the Plan may terminate the insurance policy and institute means to recover any or all of the expenses it incurred, or in the case of a provider, the Plan may terminate its agreement with the provider and institute means and mechanism to recover any or all payments made to the provider.

(f) Plan shall establish a formulary with prices of all covered medicine and pharmaceutical supplies. Likewise, a Relative Unit Value (RUV) schedule shall be established and updated from time to time as required to guide the costs of medical

services covered under the Plan;

(8) *Time for Implementation.*

(a) All nominations for all positions on the Board shall be transmitted to Congress within 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 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 6. This act shall become law upon approval by the President of the Federated States of Micronesia or upon becoming law without such approval.

Date: 11/19/24

Introduced by: Quincy Lawrence (by request)